

Saturday,
6th December, 1947

THE
CONSTITUENT ASSEMBLY OF INDIA
(LEGISLATIVE) DEBATES

Official Report

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First Session
OF THE
CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)
1947



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CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

Saturday, 6th December, 1947.

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

DECLARATION BY MEMBERS

The following Member made the Declaration under Rule 2C.

Shri Balakrishna Viswanath Keskar (U. P. General).

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

ADVANCED TRAINING FOR PERSONNEL OF ORDNANCE FACTORIES

533. *Seth Govinddas: (a) Will the Honourable Minister of Defence be pleased to state whether Government are aware that in 1946, ordnance factories recommended some Indians in the non-gazetted cadres with scientific and technical qualifications to be sent abroad for advanced training?

(b) If so, how many of them have been sent abroad?

(c) If none, do Government propose to consider the advisability of giving advanced training in India itself?

The Honourable Sardar Baldev Singh: (a) Yes.

(b) None so far.

(c) Yes, wherever facilities exist in India for such training.

Seth Govinddas: Have Government received any applications from any persons in this respect, who want to go overseas for some special training?

The Honourable Sardar Baldev Singh: Nineteen applications were received and they are still pending.

Seth Govinddas: Are fresh applications being received or is the last date for applications now over?

The Honourable Sardar Baldev Singh: No fresh applications are being received; the ones that have been received have not been able to get accommodation in any of the factories abroad.

Shri Raj Krishna Bose: In which places in India are there facilities for giving advanced training?

The Honourable Sardar Baldev Singh: Sir, my reply is that wherever facilities exist in India for such training, such facilities will be made use of.

Dr. P. S. Deshmukh: Is Government proposing to provide any fresh facilities?

The Honourable Sardar Baldev Singh: All existing facilities will be provided; no new factories have been erected.

Shri Raj Krishna Bose: Are there any institutions where such facilities can at all be provided?

The Honourable Sardar Baldev Singh: I could not say offhand, Sir, but I will be prepared to give the information to the Honourable Member later on.

PUBLIC RELATIONS OFFICE, DEFENCE FORCES

634. *Seth Govinddas: (a) Will the Honourable Minister of Defence be pleased to state whether it is a fact that Government are thinking of winding up the Public Relations Office attached to the Indian Army, Navy and Air Force?

(b) Are Government aware that this is the only source of information for the Press in India, regarding the Ministry of Defence?

(c) Do Government propose to consider the advisability of continuing that office?

The Honourable Sardar Baldev Singh: (a) No.

(b) Yes.

(c) Does not arise.

INDIAN ORDNANCE FACTORY IN NILGIRIS

635. *Seth Govinddas: (a) Will the Honourable Minister of Defence be pleased to state whether it is a fact that the Indian Ordnance Factory in Nilgiris is not turning out any work after the end of the war?

(b) Are Government aware of the possibilities of producing a number of useful things for civilian use in such factories?

(c) If so, do Government propose to take any steps to investigate the possibilities of producing articles for civilian use and thus removing the scarcity of such things to some extent in the country?

The Honourable Sardar Baldev Singh: (a) No.

(b) Yes.

(c) This factory is already utilising its surplus capacity to manufacture chemicals, such as Acetone, and explosives for commercial use.

Seth Govinddas: Are Government aware, Sir, that there are many factories in India which have been closed down after the War, and is there any possibility of reviving their production?

The Honourable Sardar Baldev Singh: Sixteen Ordnance Factories have been transferred to the Defence Ministry. The rest of the Factories are with the Industry and Supply Ministry, over which the Defence Ministry have no control.

Seth Govinddas: Are there any such Factories with the Industry and Supply Ministry which can be used for producing things like this and will Government consider the advisability of taking back those Factories to the Defence Ministry?

The Honourable Sardar Baldev Singh: This question was carefully considered and all such Factories which were exclusively meant for the use of the Defence Ministry were transferred to the Defence Ministry and the rest of the Factories are with the Industry and Supply Ministry.

Seth Govinddas: Are all those factories which are at present with the Defence Ministry making some production?

The Honourable Sardar Baldev Singh: They are all under production, except one Bren Gun Factory at Cawnpore.

Seth Govinddas: Is the Government going to start that Cawnpore Factory in the near future?

The Honourable Sardar Baldev Singh: Yes, Sir, plans are in hand.

Shri M. Ananthasayanam Ayyangar: Have any Bren Gun Factories been sold away to the Nizam's Government?

The Honourable Sardar Baldev Singh: No, Sir.

Shri M. Ananthasayanam Ayyangar: Is there a Bren Gun Factory in the Nizam's Dominion?

The Honourable Sardar Baldev Singh: No, Sir.

PROCUREMENT OF NITRO-COTTON PLANT

636. *Seth Govinddas: (a) Will the Honourable Minister of Defence be pleased to state whether any deputation, composed of only European Officers, has been sent to Germany to procure a plant for nitro-cotton?

(b) Do Government propose to place a copy of their report, if any, on the table of the House?

(c) Do Government propose to consider the advisability of sending equally qualified Indian Officers on such missions so that India can depend on its own merit and skill in the future?

The Honourable Sardar Baldev Singh: (a) No. No deputation as such was sent to Germany. The Ministry of Defence made a bid for a Nitro Cellulose plant and on its allocation to India the presence in the U.K. of Mr. Howarth, of the Indian Ordnance Service was taken advantage of to supervise the dismantling of this plant.

(b) No report is yet available.

(c) Yes. Government of India would certainly consider sending qualified Indian officers on such missions when necessary.

Seth Govinddas: Are Government thinking of sending such persons even to Soviet Russia?

The Honourable Sardar Baldev Singh: Sir, the question does not arise.

Seth Govinddas: It does arise, Sir, from clause (c).

Mr. Speaker: Part (a) specifically relates to Germany.

Seth Govinddas: But, Sir, as far as part (c) is concerned.

The Honourable Sardar Baldev Singh: In reply to part (c), it is not possible to get any factories from Russia at present.

DEMobilISATION OF INDIAN UNION FORCES

637. *Seth Govinddas: (a) Will the Honourable Minister of Defence be pleased to state what is the number of demobilised soldiers from the Indian Armed Forces after the end of the War?

(b) Is it a fact that Indian Union Forces are being demobilised according to previous arrangements, while the Pakistan Army is intact, even though both the armies are under the Joint Supreme Command?

(c) Do Government propose to stop further demobilisation of the Indian Union Forces and to recruit more men, in view of the urgent need for the armed forces to meet the emergency in the country?

The Honourable Sardar Baldev Singh: (a) I lay a statement on the table of the House.

(b) No

(c) Does not arise

STATEMENT

The number of officers and men demobilised from the Indian Armed Forces after the end of the War is as follows :—

Army :

Indian Commissioned Officers	3,797	
Viceroy's Commissioned Officers, Other Rank and Non-Combatants (Enrolled)	14,71,843	
Non-Combatants (Un-enrolled)	19,808	14,95,448
Navy:		
Officers	1,977	
Ratings	13,979	15,956

Air Force:

Officers	227	
Airmen	14,853	
Tech/Non-Combatants	97	11,327

GRAND TOTAL		15,22,781
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Prof. N. G. Ranga: Is it true, Sir, that Government have recently re-trenched some 'B' class employees of their G.H.Q.?

The Honourable Sardar Baldev Singh: I want notice of this question—it may be true, Sir.

EXPORT DUTY ON RAW JUTE BY PAKISTAN GOVERNMENT

638. *Shri Biswanath Das: Will the Honourable Minister of Finance be pleased to state :

(a) whether Government propose to take any action with regard to the duty of Rs. 15 per bale imposed by the Government of Pakistan on the export of raw jute from East Bengal;

(b) whether Government are aware that this is in contravention of the financial arrangement agreed to between the two Dominions; and

(c) if the answers to parts (a) and (b) above be in the affirmative what steps are proposed to be taken with a view to equalize jute prices in India and against this breach of agreement?

The Honourable Shri E. K. Shanmukham Chetty: With your permission, Sir, I would reply to Questions Nos. 638, 655 and 656 together.

The attention of the Honourable Members is invited to the Press Communique issued by the Government of India on the 23rd November 1947 explaining their attitude in this matter.

Prof. N. G. Ranga: Has the notice of the Government been drawn, Sir, to the news item in today's papers that the Pakistan Government is intending to impose restrictions as well as export duties on jute sent to India?

The Honourable Shri E. K. Shanmukham Chetty: Well, Sir, I do not know what exactly was published this morning, but I know what has been done by the Pakistan Government, and we are taking adequate steps to safeguard our own position.

Shri Biswanath Das: Sir, arising out of the reply given, I wish to know what steps are being taken with a view to equalize jute prices consequent on the duties imposed by the Pakistan Government?

The Honourable Shri E. K. Shanmukham Chetty: I do not understand what is meant by "equalizing" jute prices.

Shri Biswanath Das: Sir, jute coming from East Bengal will hereafter be available at a higher price than that purchased from Indian Provinces like Assam, Orissa and Bihar. So there will be difference in the purchasing price of this commodity from different Provinces as distinct from Pakistan. Necessarily, therefore, the profit will go to the mill managers and millowners. Government have to take certain steps in this regard so as to equalize prices in such a way as to make it convenient for the producers and consumers in India to get the benefits or not to be the object of exploitation by the mercantile communities and the millowners.

The Honourable Shri R. K. Shanmukham Chetty: The consumers of raw jute are the jute mills in India and they are sufficiently well-organised to protect their position against the exploitation of any middlemen and if the price of jute that they get from our own territory is less than the price that they get from Pakistan, that only means that they get an average price which is somewhere between the Indian price and the Pakistan price.

Shri Biswanath Das: I have stated the producer in these 3 provinces, that is, the agriculturist, is being hard hit because. . . .

Mr. Speaker: What is the question? The Honourable Member seems to be arguing with the Honourable Minister. The point of a question is to get information, on which the Honourable Member may base further arguments if an occasion arises in debate, not at this stage.

Shri Biswanath Das: Sir, I am not arguing. I am only stating the point of view of the producer in India. . . .

Mr. Speaker: That is not permissible.

Shri Biswanath Das: . . . and what steps are being taken by Government to protect the producer in India.

Mr. Speaker: That question, I believe, has been answered.

The Honourable Shri R. K. Shanmukham Chetty: The mere fact that the Pakistan jute will be more costly means that the Indian cultivator of jute will get better price for his crop.

Shri Biswanath Das: Are they taking any such steps? That is what exactly I am asking the Government?

Mr. Speaker: I am afraid the Honourable Member is going too far.

Shri Rohini Kumar Chaudhuri: Is it a fact that jute exported from Assam which comes through the Pakistan Railway is also liable to export duty by the Pakistan Government?

The Honourable Shri R. K. Shanmukham Chetty: We understand that the Pakistan Government intends to levy on Assam jute which is in transit through the Pakistan territory. That is what we have been told. If the Pakistan Government does it, it is really in contravention of the Barcelonian International Agreement, under which goods in transit cannot be charged for duty. If in spite of the International Convention they do this then we will take steps either to recover the money from them or to take any other steps that may be necessary.

Shri M. S. Aney: May I ask what does the Honourable Minister mean when he says that he has been "told"? Has it not been officially communicated to his Government by the Pakistan Government as to what they mean to do?

The Honourable Shri R. K. Shanmukham Chetty: One of our difficulties is that many of the acts of Pakistan Government we come to know only through newspaper reports.

Shri T. T. Krishnamachari: May I ask the Honourable Minister whether he has any information that the Pakistan Government propose to impose a duty on tea that passes through Pakistan from Assam?

The Honourable Shri E. K. Shanmukham Chetty: I have no such official intimation from the Pakistan Government.

Shri Mohan Lal Saksena: Is it not a fact that since the imposition of this export duty, there have been more than one Conferences between the Premiers of Pakistan and of India?

The Honourable Shri E. K. Shanmukham Chetty: Yes, Sir. Conferences took place, but that does not necessarily mean that conclusions are implemented.

Shri Mohan Lal Saksena: I want to know whether this opportunity was not utilised to elicit from the Pakistan Premier himself information as to whether the duty has been imposed and if so, why?

The Honourable Shri E. K. Shanmukham Chetty: Subsequent to the publication of our Press Communique, in the course of a conversation with the Pakistan Finance Minister, he told me that he is prepared to reconsider the whole question and discuss the matter with us, and in a communication that they have sent to us they have also intimated that in view of what we have mentioned in our Press Communique, they are prepared to re-open negotiations with us on this point.

Shri K. Saathanaga: May I know, Sir, if it is not the duty of the Government of India's High Commissioner at Karachi to keep the Government of India informed of all the acts of Pakistan in such matters?

The Honourable Shri E. K. Shanmukham Chetty: Yes, it is his duty.

Shri Rohini Kumar Chaudhuri: May I know, Sir, if the Government of India will exempt the Assam jute from payment of excise duty in view of the fact that they will have to pay it to the Pakistan Government?

The Honourable Shri E. K. Shanmukham Chetty: The whole question will be examined very carefully and we will have a further discussion with the Pakistan Government. The Honourable Member may rest assured that we will do all that is necessary to protect the interests of our own jute growers and jute manufacturers.

Dr. P. S. Deshmukh: Are we to suppose, Sir, that the Honourable Minister is not in a position to give us more information about the Pakistan happenings than what he gets and what we also get in the newspapers?

Mr. Speaker: That is too general question to answer. I shall call the next Question.

INDIAN ARMED FORCES PERSONNEL IN OTHER COUNTRIES

699. *Shri Biswanath Das: Will the Honourable Minister of Defence be pleased to state:

- (a) whether Government are aware of the number of Indian Armed Forces Personnel still stationed in countries outside India, upto the end of October 1947;
- (b) if there are any, the reasons for the same;
- (c) when the Indian forces are proposed to be withdrawn; and
- (d) the expenses incurred in this regard?

The Honourable Sardar Baldev Singh: (a) Yes.

(b) The troops in Burma, Malaya and Singapore are there to help in the rehabilitation of these countries. The personnel in Egypt are the rear party of the forces in Iraq.

(c) All our troops will, I hope, be withdrawn from Overseas by the 31st December 1947 except for a very small number of administrative personnel who will stay up to 31st March 1948.

(d) The cost of these troops is borne by His Majesty's Government.

Mr. Tajamul Husain: Will the Honourable Minister for Defence be pleased to inform us the exact number of Indian Armed Forces still stationed outside India?

The Honourable Sardar Baldev Singh: The total number of the personnel of the Indian Army overseas on 1st November 1947 was 8,872 made up as follows:

In Burma	4,253
In Malaya and Singapore	4,328
In Egypt	15
In other Commands	276

The number of personnel of the Pakistan Army still overseas is not included in these figures.

Shri Raj Krishna Bose: Now that war is long over, why is this delay in withdrawing these troops?

The Honourable Sardar Baldev Singh: Mostly shipping.

Shri H. V. Kamath: With reference to answer to part (b), are our troops in the various countries at the request of the Governments of those countries for assistance in the work of rehabilitation?

The Honourable Sardar Baldev Singh: I think, presumably, they are there with the consent of those Governments but that question does not arise as the policy of the Government of India is to withdraw our troops. They will all be withdrawn by the end of this month.

Shri H. V. Kamath: The Honourable Minister says 'presumably'. Is he not certain about it?

The Honourable Sardar Baldev Singh: No, I am not certain.

Shri Raj Krishna Bose: Have Government any information as to how these troops are employed?

The Honourable Sardar Baldev Singh: I have already stated, for the rehabilitation of those countries.

Mr. Tajamul Husain: Do I take it that there is no Indian Armed Forces in Japan now?

The Honourable Sardar Baldev Singh: They have all been withdrawn.

SECRETARY OF STATES SERVICES.

†640. ***Shri Ajit Prasad Jain:** (a) Will the Honourable Minister of Home Affairs be pleased to state what are the terms of service, emoluments and position of the services known as the Secretary of States Services before the 15th August 1947?

(b) Was any agreement entered into between members of these services and Government on the establishment of the Dominion of India?

(c) If the answer to part (b) above be in the affirmative, do Government propose to lay a copy of the agreement on the table of the House?

(d) How many members of the said services have retired or opted for Pakistan as a result of the independence of India, giving figures separately for—
(i) Britishers; (ii) Muslims; and (iii) Others?

(e) What is the scheme of Government for substituting fresh services for the said services?

† Answer to this question laid on the table, the questioner being absent.

The Honourable Sardar Vallabhbhai Patel: (a) The terms of service and emoluments etc. of the officers of the Secretary of State's Services are the same as they were before the transfer of power. A statement of such terms is contained at pp. 154-160 of the India Office and Burma Office List, 1940, a copy of which will be found in the Library. In this connection the attention of the Honourable Member is invited to Section 10(2) of the Indian Independence Act, 1947.

(b) and (c). The attention of the Honourable Member is invited to para. 3 of His Excellency the Viceroy's announcement of the 30th April 1947 and the Government of India Home Department letter No. 160/47 R.R. addressed to all officers of the Secretary of State's Services. Copies of these documents are placed on the table of the House.

(d) British—858, Muslims—185, Others—22.

(e) Two new All-India Services called the Indian Administrative Service and Indian Police Service have been constituted to replace the Indian Civil Service and the Indian Police. The Government of India have under consideration a proposal to form an All-India Engineering Service on the model of the Indian Service of Engineers. Other Services are being replaced by Provincial Governments by their own Superior Services.

INDIA: GRANT OF COMPENSATION FOR PREMATURE TERMINATION OF THEIR SERVICE IN INDIA TO MEMBERS OF CIVIL SERVICES APPOINTED BY SECRETARY OF STATE AND TO REGULAR OFFICERS AND BRITISH WARRANT OFFICERS OF THE INDIAN NAVAL AND MILITARY FORCES.

ANNOUNCEMENT BY HIS EXCELLENCY THE VICEROY

1. His Majesty's Government have announced their intention that the British Government's authority in India will be finally transferred to Indian hands by June 1948. It is the aim of His Majesty's Government that the transfer of power should be effected in an orderly and regulated manner so that the new authorities may assume their responsibilities in conditions conducive to the best interests of India, and maintenance of good relations with Great Britain. His Majesty's Government are confident that during this period of transmission the Services and all those who man them, whether British or Indian, will respond to this call.

2. To those serving under covenant or other form of agreement with the Secretary of State for India, or who hold commissions from His Majesty the King, the transfer of power will mean premature termination on that date of a career under the ultimate authority of His Majesty's Government and the British Parliament; and for many there is added to the heavy call of present duty the burden of anxiety for their own future and that of those who depend on them.

3. The Government of India are naturally and rightly most anxious—and His Majesty's Government share their anxiety—that the administration shall not be weakened by the loss of experienced officers. To this end, the Government of India undertake that those members of the Secretary of State's Services who continue to serve under the Government in India after the transfer of power shall do so on their present terms as to scales of pay, leave, pensionary rights, and safeguards in matters of discipline and that provisions to this effect should be made in the Treaty to deal with matters arising out of the transfer of power. The Government of India will now propose to provincial governments that they should give similar assurances to members of the Secretary of State's Services who agree to join provincial services.

4. The Government of India recognise that some Indian members of the Secretary of State's Services may be genuinely anxious about their prospects under the provincial administrations where they are at present employed, and every effort will be made to arrange suitable transfers in such cases.

5. The Government of India agree that compensation should be payable to such Indian officers of these Services as:

- (1) are not invited to continue to serve under the Government of India after transfer of power; or
- (2) can satisfy the Governor-General that their actions in the course of duty during their service prior to the transfer of power have damaged their prospects, or that

the appointments offered to them are such as cannot be regarded as satisfactory in the altered circumstances; or

- (3) can show to the satisfaction of the Governor-General that they have legitimate cause for anxiety about their future in the Province where they are now serving, and that no suitable transfer can be arranged.

But the Government of India feel that sentiments of patriotism will naturally impel Indian officers to continue to serve their country and that, in the light of the undertaking that they have given, and the consideration that in fact Indian members of the Services will have improved prospects, there is no ground, save in these special cases, for payment of compensation to Indian officers on account of the transfer of power.

6. His Majesty's Government have been reviewing the whole position. They have noted the undertaking which the Government of India have given in regard to officers whom they desire should continue to serve under the Government of India. They recognise the force of the Government of India's arguments, and they agree that to Indian officers compensation should not be admissible except in the cases which I have just mentioned. Many Indian members of the Secretary of State's Services will, however, become members of provincial services and in their cases His Majesty's Government's agreement that they need not be compensated is conditional upon the provincial governments guaranteeing the existing terms of service. If they are not prepared to do so His Majesty's Government reserve the right to reconsider the matter.

7. With these reservations I am now authorised by His Majesty's Government to inform members of the Secretary of State's Services that they accept the obligation to see that they are duly compensated for the termination of their careers consequent on the transfer of power. British members of these Services who accept appointment to another Crown service on a permanent pensionable basis will, however, receive instead of cash compensation a resettlement grant of £500. His Majesty's Government also undertake that members of the Secretary of State's Services who retire will be secured in their rights to the leave then due to them.

8. In pursuance of their wish to give all possible help to the Government of India in building up the new services, His Majesty's Government agree that their obligation covers the claim to ultimate compensation of those British members of the Services who are asked to serve on in India and decide to do so. If such officers decide at any time after the transfer of power that they wish to retire they will receive any compensation to which they are entitled; this will be determined according to the published tables by the date on which active service ceases and service both before and after June 1948 will be taken into account. Compensation will be payable in addition to such retiring or proportionate pension as is admissible under the existing rules.

9. To European officers and other ranks of the Royal Indian Navy, Indian Army and Indian Medical Service whose services under the Crown in these forces are brought to an end by reason of the transfer of power, I am authorised to announce the acceptance by His Majesty's Government of a similar obligation. For some it will be possible to pursue their profession in the corresponding British service, and for them a lower scale of compensation for loss of an Indian career is provided.

10. Compensation will not ordinarily be admissible to those who retire before the date of final transfer of power but, in the interest of a smooth transfer, it may be desirable to spread releases over a period; and if I am satisfied that in the public interest any civilian officers should be released with entitlement to compensation in advance of the final date, I will order accordingly after such consultation with the authorities concerned as may be necessary. If, in the fighting services, any European officer or other rank is certified by the Commander-in-Chief as having after July 1st, 1947, been compulsorily retired as a result of accelerated reduction of the British element in anticipation of the transfer of power he will acquire a title to compensation at the date of his retirement.

11. I am glad to be able to announce that the Government of India accept liability for pension and proportionate pension earned by service under the Secretary of State, whether by civilians or by members of the Defence Services.

12. The scales of compensation to be granted to civil and military officers whose appointments are terminated on account of the transfer of power and who are not appointed to a Civil Service under His Majesty's Government will be published at once. An announcement will be made separately of the conditions to be applied in the case of officers who may obtain permanent pensionable employment in a Civil Service under His Majesty's Government.

TABLES OF COMPENSATION

TABLE I

SCALES OF COMPENSATION FOR CIVIL OFFICERS APPOINTED BY THE SECRETARY OF STATE

For Officers of the Indian Civil Service.		For Military and Police Officers in the Indian Political Service		For Officers of other Secretary of State's Services *	
Completed years of Service	Amount	Age last Birthday	Amount	Age last Birthday	Amount
				24	£ 275
				25	750
				26	1,125
				27	1,500
5	2,500	28	2,500	28	1,875
6	3,000	29	3,000	29	2,250
7	3,500	30	3,500	30	2,625
8	4,000	31	4,000	31	3,000
9	4,500	32	4,500	32	3,375
10	5,000	33	5,000	33	3,750
11	5,500	34	5,500	34	4,125
12	6,000	35	6,000	35	4,500
13	6,500	36	6,500	36	4,875
14	7,000	37	7,000	37	5,250
15	7,500	38	7,500	38	5,625
16	8,000	39	8,000	39	6,000
17	7,500	40	7,500	40	5,625
18	7,000	41	6,500	41	4,875
19	6,500	42	6,000	42	4,500
20	6,000	43	5,500	43	4,125
21	5,500	44	5,000	44	3,750
22	5,000	45	4,500	45	3,375
23	4,500	46	4,000	46	3,000
24	4,000	47	3,000	47	2,250
25	3,500	48	2,500	48	1,875
26	3,000	49	2,000	49	1,500
27	2,500	50	1,500	50	1,125
28	2,000	51	1,000	51	750
29	1,500	52	500	52	375
30	1,000	53 & over	Nil	53 & over	Nil
31	500				
32 & over	Nil				

*These Services include the Indian Police, the Indian Agricultural, Educational, Forest, and Veterinary Services, the Indian Service of Engineers, the Indian Ecclesiastical Establishment, and the Railway Services (only as regards officers appointed by the Secretary of State).

TABLE II

SCALES OF COMPENSATION FOR REGULAR OFFICERS OF THE ROYAL INDIAN NAVY, THE INDIAN ARMY AND THE INDIAN MEDICAL SERVICE, EXCLUDING OFFICERS OF THE SPECIAL LIST OF QUARTERMASTERS AND DEPARTMENTAL OFFICERS OF THE INDIA UNATTACHED LIST.

Age last Birthday	Amount	Age last Birthday	Amount
Years.	£	Years.	£
19	37½	38	5,625
20	75	39	6,000
21	150	40	5,125
22	225	41	5,250
23	300	42	4,875
24	375	43	4,500
25	750	44	4,125
26	1,125	45	3,750
27	1,500	46	3,375
28	1,875	47	3,000
29	2,250	48	2,625
30	2,625	49	2,250
31	3,000	50	1,875
32	3,375	51	1,500
33	3,750	52	1,125
34	4,125	53	750
35	4,500	54	375
36	4,875	55	...
37	5,250		

Note.—Officers who transfer to the British Services will receive one-quarter of the rates laid down.

TABLE III

SCALES OF COMPENSATION FOR REGULAR OFFICERS OF THE SPECIAL LIST OF QUARTERMASTERS (INDIAN ARMY) AND REGULAR DEPARTMENTAL OFFICERS AND WARRANT OFFICERS OF THE PERMANENT LIST OF THE INDIA UNATTACHED LIST

Age last birthday	Amount S. L. Q. Ms.	Amount Officers I. U. L.	Amount W. Os. I. U. L.
Years.	£	£	£
24	250	187½	125
25	500	375	250
26	750	562½	375
27	1,000	750	500
28	1,250	937½	625
29	1,500	1,125	750
30	1,750	1,312½	875
31	2,000	1,500	1,000
32	2,250	1,687½	1,125
33	2,500	1,875	1,250
34	2,750	2,062½	1,375
35	3,000	2,250	1,500
36	3,250	2,437½	1,625
37	3,500	2,625	1,750
38	3,750	2,812½	1,875
39	4,000	3,000	2,000
40	3,750	2,812½	1,875
41	3,500	2,625	1,750
42	3,250	2,437½	1,625
43	3,000	2,250	1,500
44	2,750	2,062½	1,375
45	2,500	1,875	1,250
46	2,250	1,687½	1,125
47	2,000	1,500	1,000
48	1,750	1,312½	875
49	1,500	1,125	750
50	1,250	937½	625
51	1,000	750	500
52	750	562½	375
53	500	375	250
54	250	187½	125
55

Note.—Officers and Warrant Officers who transfer to British Service will receive on quarter of the rates laid down.

TABLE IV

**SCALES OF COMPENSATION FOR COMMISSIONED WARRANT OFFICERS AND WARRANT OFFICERS
OF THE ROYAL INDIAN NAVY**

Age last birthday	Amount Commissioned W. Os.	Amount W. Os.
Years	£	£
24	187½	125
25	375	250
26	562½	375
27	750	500
28	937½	625
29	1,125	750
30	1,312½	875
31	1,500	1,000
32	1,687½	1,125
33	1,875	1,250
34	2,062½	1,375
35	2,250	1,500
36	2,437½	1,625
37	2,625	1,750
38	2,812½	1,875
39	3,000	2,000
40	2,812½	1,875
41	2,625	1,750
42	2,437½	1,625
43	2,250	1,500
44	2,062½	1,375
45	1,875	1,250
46	1,687½	1,125
47	1,500	1,000
48	1,312½	875
49	1,125	750
50	937½	625
51	750	500
52	562½	375
53	375	250
54	187½	125
55

Note.—Commissioned Warrant Officers and Warrant Officers, Royal Indian Navy, who transfer to the Royal Navy will receive one-quarter of the rates laid down

GOVERNMENT OF INDIA

HOME DEPARTMENT

No. 160/47-R.R.

Dated New Delhi, the 18th June 1947.

To

ALL OFFICERS OF THE SECRETARY OF STATE'S SERVICES.

Sir,

I am directed to invite attention to the announcement made by His Excellency the Viceroy on the 30th April 1947, regarding the withdrawal of the Secretary of State's control over his Services and containing the undertaking given by the Government of India to officers of the Secretary of State's Services who wish to continue in service (copy enclosed for ready reference) and to explain that the Government of India

are prepared to give will extend to the following :—

- (a) *Pay*.—Includes salaries attached to posts outside the time-scale reserved under the Reserved Posts Rules. Government, however, reserve the right to abolish a particular post or class of posts or to reduce their number without compensation for loss of prospects;
- (b) *Pension*.—The guarantee extends to the right to retire on proportionate pension under the existing rules;
- (c) *Disciplinary matters*.—The Federal Public Service Commission will continue to be consulted on all disciplinary matters and advice of the Federal Public Service Commission will be accepted, save in exceptional circumstances.

2. I am also to invite your attention in this connection to the announcement of the 3rd June 1947, providing for the partition of the Provinces of Bengal, the Punjab and Assam and to say that the guarantees given above will apply to officers who decide to serve in the new Provinces that may be formed. I am to ask you to communicate to me within 10 days of the receipt of this letter whether you wish to continue in service of Government or whether you desire to retire from service. A copy of the reply should simultaneously be sent to (the Chief Secretary of your Provincial Government) [the Secretary of the Department of the Government of India under which you are serving].

*3. If you wish to continue in service but desire a transfer from the Province to which you now belong, I am to ask you to forward your reasons for claiming transfer, with special reference to para. 4 of the announcement of His Excellency the Viceroy to the Government of India, with intimation to the Provincial Government that you are applying for transfer to another Province and to indicate, in order of preference, the Provinces to which you desire to be transferred. In this connection you will no doubt bear in mind the possibility of partition of the Provinces of Bengal, the Punjab and Assam in accordance with the Plan for transfer of power to Indian hands announced by His Excellency the Viceroy on the 3rd June 1947.)

4. If you intend to retire from service, I am to invite attention to para. 10 of the announcement made by His Excellency the Viceroy on the 30th April 1947 which permits the release of civilian officers before the date of transfer, where such a course is in the public interest, and to ask you to indicate the earliest date by which you would like to be released. I am to invite your attention, however, to the broadcast made by His Excellency the Viceroy on the 3rd June 1947 suggesting that officers who would leave after the date of transfer might stay for a little longer if their services are required. In case you are willing to postpone your retirement by some months, you may inform your Provincial Government direct who would communicate to the Government of India their own wishes in the matter. I am also to say that this information is being asked for to enable Government to make plans for the release of officers who may desire to retire from service and, while requests for early release will be governed solely by the public interest, it will be to your advantage to give accurate information, as it may facilitate your early release.

I have, etc.,

P. V. R. RAO,

Joint Secretary.

HINDU AND SIKH HEAD CONSTABLES OF PUNJAB POLICE

*641. *Shri Damodar Swarup Seth: Will the Honourable Minister of Home Affairs be pleased to state:

(a) whether Government are aware of the fact that Hindu and Sikh Head Constables of the Punjab were the cream of the force and formed its backbone; and

(b) if so, whether Government propose to consider the desirability of absorbing such experienced Police personnel arriving in Delhi from Pakistan to meet the shortage in the rank of Head Constables and Assistant Sub-Inspectors?

The Honourable Sardar Vallabhbhai Patel: (a) This is a matter of opinion.

() to officers in Provinces.

[] to officers serving under the Government of India

*() only to officers of Asiatic domicile.

†Answer to this question laid on the table, the questioner being absent.

(b) This is being actually done; but each person cannot be accepted automatically. Only those who satisfy the prescribed standard for the Delhi police and are otherwise considered suitable are being appointed.

SEIZURE OF MIRPUR AND KOTLI TOWNS BY RAIDERS

†642. *Shri Damodar Swarup Seth: (a) Will the Honourable Minister of States be pleased to state whether Government are aware of the fact that the towns of Mirpur and Kotli in Kashmir State are besieged by the raiders for about a month and that they are entirely cut off from the rest of the country with the result that the people there are dying of hunger and starvation?

(b) If the answer to part (a) above be in the affirmative, do Government propose to take immediate measures to send necessary relief to the people of Mirpur and Kotli?

The Honourable Sardar Vallabhbhai Patel: (a) and (b). I am not in a position to give any accurate information of what took place while the two cities were under siege. The Honourable Member is probably aware that both these places are now in the hands of raiders.

NATIONAL INVESTMENT BOARD

†643. *Pandit Hirday Nath Kunzru: (a) Will the Honourable Minister of Finance be pleased to state whether the desirability of setting up a National Investment Board has been under the consideration of Government for a long time?

(b) Has any investigation been carried on, as promised by Sir Archibald Rowlands last year, to determine whether such a Board should be established?

(c) If so, what is the decision Government have arrived at?

The Honourable Shri R. K. Shanmukham Chetty: (a), (b) and (c). Some preliminary investigations were carried out but no material headway was made due to lack of statistical data. I propose to consider the matter afresh shortly.

TAXATION ENQUIRY COMMITTEE

†644. *Pandit Hirday Nath Kunzru: Will the Honourable Minister of Finance be pleased to state whether Government propose to set up a Taxation Enquiry Committee as promised by the Finance Member last year? If not, why not?

The Honourable Shri R. K. Shanmukham Chetty: The attention of the Honourable Member is invited to Mr. T. T. Krishnamachari's starred question No. 484, on the 29th November 1947, which could not be read out in the House. I read out the reply then given:

"The appropriate time for the appointment of such a committee will be after the financial provisions of the new constitution regarding allocation of the resources as between the Centre and the Provinces have been settled."

LANDING OF PAKISTAN PLANES WITHIN INDIAN DOMINION

645. *Shri Satish Chandra Samanta (on behalf of Shri Lakshmi Kanta Maitra): (a) Will the Honourable Minister of Home Affairs be pleased to state whether it is a fact that a specially chartered plane from Karachi arrived at Lucknow on or about the 14th of November, 1947, and with 25 passengers, all Muslims, and that on a search of their luggage bundles of papers containing a number of secret instructions were seized by the Police?

(b) Is it a fact that the said special plane, when about to take off, after an hour's halt at the Amausi aerodrome with 24 Muslim passengers all bound for

†Answer to this question laid on the table, the questioner being absent.

Pakistan, was searched by the Police and that a bundle of secret documents was seized from the possession of a Karachi-bound passenger named Mr. Mushfiqzaman?

(c) Is it a fact that attempts were made by the said passenger to conceal the documents under the seats in the plane when the search was in progress?

(d) What are the contents of these documents and who are its authors?

(e) Is it a fact that these documents concerned several Muslim League Leaders, resident within the Indian Dominion and several Muslim officials who have taken the oath of allegiance to the Indian Dominion?

(f) Is it a fact that these Muslim officials have written to the Government of Pakistan that they would resign in due course and proceed to Pakistan along with more secrets?

(g) Is it also a fact that a high-placed British official serving in the United Provinces and these Muslim officials have assured the Government of Pakistan that so long as they were in the Indian Dominion, they would render all possible assistance to the Government of Pakistan at the appropriate moment?

(h) If the answer to parts (c), (f) and (g) be in the affirmative, what action have Government taken or propose to take in future against such persons working within the Indian Dominion?

(i) Were any arrests made in this connection? If so, how many? If not, why not?

(j) Was the plane in question allowed to go back to Pakistan? If so, why?

(k) Is it permissible for planes of Pakistan territory to land at will at any air port within the Indian Dominion without previous reference to the authorities of Indian Dominion?

The Honourable Sardar Vallabhbhai Patel: (a) to (j). The matter is the concern of the Provincial Government who instituted the search. A report from the Provincial Government is awaited.

(k) The Government of India have authorised Pakistan aircraft engaged in refugee work to land at all controlled civil aerodromes in India without prior permission. In respect of an aerodrome other than a controlled one it is necessary to comply with certain formalities one of which is that at least three days' notice shall be given to the air port of entry.

REHABILITATION OF REFUGEE-VAIDYAS

†646. ***Shri Alga Bai Shastri:** (a) Will the Honourable Minister of Health be pleased to state whether Government propose to rehabilitate the Refugee-Vaidyas in suitable places just as other classes of professional evacuees from Pakistan are going to be rehabilitated?

(b) Have Government received any representation from Refugee-Vaidyas as to their appointment in Medical relief centres in refugee camps as also in other towns and villages?

(c) Do Government propose to consider cases of Vaidyas as a class while distributing loans from the funds of Refugees Finance Corporation, the establishment of which is under the contemplation of Government?

The Honourable Rajkumari Amrit Kaur: (a), (b) and (c). The question should have been addressed to the Honourable Minister of Relief and Rehabilitation. It has accordingly been transferred to the list of questions for the 12th December 1947 when it will be answered by the Honourable Minister of Relief and Rehabilitation.

†Answer to this question laid on the table, the questioner being absent.

WARDHA EDUCATION SCHEME

647 *Shri Ram Sahai: (a) Will the Honourable Minister of Education be pleased to state whether there is any special scheme under contemplation of Government to change the present system of Education?

(b) If so, do Government propose to give practical effect to the Wardha Education Scheme?

آنریبل مولانا ابوالکلام آزاد: (الف) یوسٹ وار ایجوکیشن ڈیولپمنٹ کے بارے میں سنٹرل ایڈوائزری بورڈ آف ایجوکیشن نے جو رپورٹ پیش کی ہے اُسکی طرف آنریبل ممبر کی توجہ دلائی جاتی ہے۔ اس رپورٹ کی ڈیڑھ لاکھ کاپیاں موجود ہیں۔ سنٹرل ایڈوائزری بورڈ نے بوسٹ ایجوکیشن کا جو سسٹم بیان کیا ہے اس میں واردہ سکیم کو میں بھلی بنیاد پر پرنسپل کے طور پر لیا گیا ہے۔ اور گورنمنٹ آف انڈیا نے صوبوں کی گورنمنٹوں کو اس بات کے لئے تیار کیا ہے کہ وہ اسے اپنے اپنے صوبوں میں جاری کرے۔

The Honourable Maulana Abul Kalam Azad: (a) and (b). The attention of the Honourable Member is invited to the report of the Central Advisory Board of Education on Post-War Educational Development in India, copies of which are available in the Library of the House. Basic Education, advocated by the Central Advisory Board of Education, embodies the main principles of the Wardha Scheme of Education and the Government of India have persuaded the Provinces to introduce this system (Basic) gradually.

Prof. N. G. Ranga: Will Government consider the advisability of establishing a Central Training College for training teachers, lecturers, etc. in this Wardha Education Scheme?

آنریبل مولانا ابوالکلام آزاد: ایک سنٹرل ایجوکیشن انسٹیٹیوٹ دہلی میں قائم کیا جا رہا ہے۔ اور وہ بہت جلد کھل جائیگا اور اُس میں اسی طریقہ سے تعامد دی جائیگی جیسے کہ ایڈوائزری بورڈ نے اپنے رپورٹ میں اشارہ کی ہے اور جس میں انہوں نے واردہ سکیم کو main پرنسپل کے طور پر لیا ہے۔

The Honourable Maulana Abul Kalam Azad: A Central Educational Institute is being set up in Delhi and it will start working very soon. Education will be imparted in that Institute in the same manner as has been recommended by the Central Advisory Board of Education in its Report, and wherein they have accepted the Wardha Scheme as the main principle.

سٹھ گوویند داس : جو संस्था दिल्ली में स्थापित की जाने वाली है उसकी शिक्षा का माध्यम हिन्दी या हिन्दुस्तानी रहेगा या उसमें भी अंग्रेज़ी माध्यम रहेगी।

Seth Govinddas: Will the medium of education be Hindi or Hindustani in the Institution that is going to be set up in Delhi or there also the medium would remain as English?

آنریبل مولانا ابوالکلام آزاد: ہندوستانی۔

The Honourable Maulana Abul Kalam Azad: Hindustani.

Prof. N. G. Ranga: Will Government also consider the advisability of making suitable grants to the Education Centre at Wardha and also to the Jamait-ul-Ulema here?

آنریبل مولانا ابوالکلام آزاد جامعہ ملیہ اور واردہا کے متعلق گورنمنٹ مدد کر چکی ہے اور مزید مدد کرنے کا سوال سوچا جا رہا ہے۔

The Honourable Maulana Abul Kalam Azad: The Government has already given grants to Jamiat-ul-Ulema and Wardha Education Centre. The question regarding sanction of further grant is under consideration.

Shri S. Nagappa: May I ask, Sir, that if the instructions are going to be in Hindusthani, what will happen to those who do not know Hindusthani?

آنریبل مولانا ابوالکلام آزاد : ظاہر ہے کہ انکو سیکھنا پڑے گا۔

The Honourable Maulana Abul Kalam Azad: It is obvious; they will have to learn.

شری دیش بندھو گپتا : دہلی میں جو ٹریننگ سکول کھولا جا رہا ہے کیا وہ جامعہ ملیہ میں کھولا جائیگا۔

Shri Deshbandhu Gupta: Will the training school that is being set up in Delhi be opened in the Jamiat-ul-Ulema?

آنریبل مولانا ابوالکلام آزاد : نہیں اسکا تعلق دہلی یونیورسٹی سے ہے۔

The Honourable Maulana Abul Kalam Azad: No. This concerns the Delhi University.

SCHEME OF SPECIAL STUDIES

648 ***Shri Ram Sahal:** Will the Honourable Minister of Education be pleased to state:

(a) whether Government have proposed any scheme of special studies to promote the cause of education; and

(b) if so, what is it?

آنریبل مولانا ابوالکلام آزاد : گورنمنٹ آف انڈیا سپیشل Studies کے قسم کی کئی کام شروع کر چکی ہے اور کر رہی ہے جسے ہندوستانی زبانوں میں سائنس کے ٹیکنیکل الفاظ کا تھپوٹو کا کام ایک کامن ہریل سسٹم اندھوں کی پڑھائی کے لئے سوشل اور — recreative activities بیسک سکولوں کے لئے ترقی دے گی، نئی ٹیکنیکس اور بیسک ایجوکیشن کے لئے پڑھائی کا نیا ڈھنگ اور قاعدہ اس بات کا بھی فیصلہ کیا گیا کہ دہلی میں ایک Central Bureau آف سائنس لاؤجی اور ایک Central Institute of Education کھولا جائے تاکہ تعلیم کے میدان میں جو طرح طرح کے ڈھنگ اور طریقے پیدا ہوئے ہیں ان میں سے کچھ چلے ہوئے ڈھنگوں کے لئے ریسرچ کا کام کیا جاسکے اور الگ الگ قسم کے طریقوں کو پرکھ کر ایک خاص طریقہ پیدا کیا جائے آجکل Examination کا جو ڈھنگ چل رہا ہے اسے کیونکہ زیادہ اچھا بنا دیا جا سکتا ہے اور پڑھائی کا مختلف درجوں کے لئے جو لیگوں کو چنا جاتا ہے — اسکا ٹھیک ٹھیک ڈھنگ

کہا ہونا چاہوئے یہ اور اس طرح کے دوسرے سوال ہیں جن پر سوچ وچار کیا جا چکا ہے اسماء کو بھی گورنمنٹ منظور کر چکی ہے کہ Modern Asia اور Europe کی Study کے لئے ایک سکول کھولا جائے۔ جہاں ایشیا اور یورپ کے چند اہم ملکوں کی بولی - لٹریچر اور دستوں کی سکھائی کا نئے رنگ تعلق سے انتظام کیا جائے۔ اس طرح ایک یونٹ اندھوں کی پڑھائی اور انکی حالت اچھی بنانے کے لئے بھی قائم کیا جا چکا ہے۔ اس تجویز پر بھی گورنمنٹ سوچ بچار کر رہی ہے کہ شوشل سروس اور Public Administration کے لئے ایک Central Institute کھولا جائے۔ اس فرض ہے کہ ملک میں Scientific ریسرچ کا کام آئے بڑھایا جائے۔ کئی طرح کی کوششیں کام میں لائی جا چکی ہیں۔ اسکا انتظام کیا گیا ہے کہ ہندوستان کے Scientists کو International Scientific مہل چول کا برابر موقعہ ملنا رہے۔ اس بات کا بھی انتظام کیا گیا ہے کہ دوسرے ملکوں کے ساتھ کنجریل کوآپریشن بھویا جائے ہمارے طالب علم یعنی ودیارتھی دوسرے ملکوں میں جائیں اور وہاں کے ہمارے ملک میں آئیں۔ چین، ایران اور پوربی افریقہ کے لئے ایسا کیا جا چکا ہے۔ اور دوسرے ممالک کے لئے ہونے والا ہے۔

The Honourable Maulana Abul Kalam Azad: (a) and (b). A number of special studies including those on Scientific Terminologies for Indian Languages, a common Braille for the blind in India, Social and Recreative activities, new techniques of training and the assessment of attainments and the curriculum of Basic Schools have already been undertaken by the Government of India. It has been decided to set up a Central Institute of Education and a Central Bureau of Psychology in Delhi for conducting research in selective methods and standardising tests of various types in the educational field. Some of the problems envisaged are the improvement of the present examination system, methods of selection for the various stages of education, vocational guidance and so on. It has also been decided to start a school of modern studies—Asiatic and European—where the Indian students will have the facilities to study the languages, literature and history of some of the most important Asiatic and European nations. Also a small unit for the education and welfare of the Blind has been established. The establishment of a Central Institute for Social Service and Public Administration is under consideration. Several measures have been taken to promote scientific research in India and arrangements for international scientific contacts for Indian scientists are being made from time to time. Cultural co-operation with other countries is endeavoured to be promoted through the exchange of students, e.g. Chinese, Iranians and East Africans.

सेठ गोविन्ददास : क्या माननीय मिनिस्टर साहब यह भी बतलाने की कृपा करेंगे कि इस पर भी विचार किया जा रहा है कि नहीं कि अभी तक जो डिग्री B.Sc., M.Sc. वगैरह इस तरह की हैं, उनको बदल कर नये नाम दिये जाय ।

Seth Govinddas: Will the Honourable Minister please state whether the matter regarding substitution of new names for the existing B.Sc., and M.Sc. Degrees is also being considered or not?

آنریبل مولانا ابوالکلام آزاد : جس چیز کی طرف آنریبل ممبر نے اشارہ کیا ہے وہ بہت ضروری ہے لیکن ہمیں ان باتوں کے لئے انتظار کرنا پڑے گا۔

The Honourable Maulana Abul Kalam Azad: The matter to which the Honourable Member has referred is a very important one, but we shall have to wait for these things.

श्री रामसहाय : क्या आनरेबिल मिनिस्टर यह बतलाने की कृपा करेंगे कि जो तालविलम फॉरेन स्टडी (foreign study) के लिये अपने अखराजात पर जाना चाहें, क्या गवर्नमेंट उनको Dollars Exchange बगैरह के मुताल्लिक मदद देने पर सोच विचार करेंगे ?

Shri Ram Sahai: Will the Honourable Minister please state whether the Government will consider over the grant of dollar facilities to those students who want to go abroad for foreign studies on their own expense

آنریبل مولانا ابوالکلام آزاد : سوچنے کی ضرورت نہیں ہے۔ گورنمنٹ ہر طرح سے مدد دے رہی ہے

The Honourable Maulana Abul Kalam Azad: There is no necessity for consideration. The Government is helping in every possible manner.

بہکم امیزل رسول : کیا میں یہ درخواست کر سکتی ہوں آپا گورنمنٹ نے اس امر کی طرف غور کیا ہے کہ لڑکیوں کی تعلیم کے لئے ایک نصاب مقرر کرے

Begum Aizaz Rasul: May I know whether the Government have considered the matter of prescribing a separate course of studies for the education of girls?

آنریبل مولانا ابوالکلام آزاد : اگر آپ ایڈوائزری بورڈ کی رپورٹ کا مطالعہ کرینگے تو آپ کو معلوم ہو جائیگا کہ اس میں یہ موجود ہے۔

The Honourable Maulana Abul Kalam Azad: If you go through the report of the Advisory Board, you will find that this is embodied therein.

श्री राजकृष्ण बोस : Special studies के बारे में बचीर साहब ने जितने काम बतलाये, उन कामों के मुताल्लिक कोई रिपोर्ट छप चुकी है और अगर छप चुकी है तो क्या मेम्बरान को इसकी कपियां मिलेगी ।

Shri Raj Krishna Bose: Have any reports been printed in respect of the scheme of special studies referred to by the Honourable Minister? If so, will the members be supplied with copies?

آنریبل مولانا ابوالکلام آزاد : اس بارے میں کوئی خاص رپورٹ نہیں چھپی ہے لیکن منسٹری آئیڈیہ کوشش کرے گی کہ اس طرح کے معلومات کو شائع کیا جائے۔

The Honourable Maulana Abul Kalam Azad: No special report has been printed in this connection. But in future the Ministry will try that such findings should be published.

श्री राजकृष्ण बोस : जिन कामों के बारे में वज़ीर साहब ने बतलाया, क्या इस के बारे में गवर्नमेंट की तरफ़ से कोई Communique निकलेगा ?

Shri Raj Krishna Bose: Will any Communique be issued by Government in respect of the scheme referred to by the Honourable Minister?

— آنریبل مولانا ابوالکلام آزاد : اس بات کی کوئی خاص ضرورت نہیں سمجھی گئی ہے۔
 لیکن اگر آنریبل ممبر زور دیتے ہیں تو اس پر فور کیا جائیگا۔

The Honourable Maulana Abul Kalam Azad: This thing has not been considered necessary. But if the Honourable Minister presses over this, it will be considered.

INCURSIONS BY HYDERABAD PEOPLE AND POLICE INTO INDIAN TERRITORY

649. *Dr. P. S. Deshmukh: (a) Will the Honourable Minister of Home Affairs be pleased to state whether Government have received any complaints regarding incursions by Hyderabad people and police into villages in Berar and Bombay and Madras Presidencies?

(b) If so, what are these complaints?

(c) Have Government received any deputation in regard to the situation on the Hyderabad and Indian border?

(d) If so, what steps Government propose to take in the matter?

(e) Have the Provincial Governments taken any steps? If so, what?

(f) Is it a fact that the residents on these borders have been appealing for help and arms for self-protection?

(g) If so, have any steps been taken in this matter?

The Honourable Sardar Vallabhbhai Patel: (a) Yes.

(b) Government have received several such complaints but do not consider that any useful purpose will be served by compiling a detailed statement.

(c) Yes.

(d) Both the Central and Provincial Governments are fully alive to this problem and have taken all precautionary and preventive measures. They have also made strong protests to the Hyderabad Government and have reason to believe that the protests have had some effect.

(e), (f) and (g). These are matters which concern the Provincial Governments.

Shri M. S. Aney: May I ask the Honourable the Deputy Prime Minister in view of the serious situation as regards safety and protection in these border villages, will the Government of India instruct the Provincial Government specially to issue licences for crop-protection and self-protection in a larger scale to the villagers residing in these border areas?

The Honourable Sardar Vallabhbhai Patel: I believe all these questions arose and all the situation developed before the Agreement. I have every hope that after the settlement has been reached, conditions will change and there will be no necessity to take any preventive or protective measures, and people who have left the State will go back.

Shri M. S. Aney: Has the Government of India received any report from the Provincial Government to the effect that after the Agreement things are showing a tendency towards a better order in these border villages?

The Honourable Sardar Vallabhbhai Patel: Very little time has lapsed since for any such reports to come in.

Seth Govinddas: May I ask whether Government have seen certain statements of the Nizam's Government with regard to this agreement and are the Government going to issue a comprehensive statement about the organization and things like that, as far as this agreement is concerned and contradict certain reports which have been issued by the Nizam's Government?

The Honourable Sardar Vallabhbhai Patel: I do not see, Sir, how this question arises from the question that has been put.

Seth Govinddas: Because the Honourable Minister said something about the Agreement.

Mr. Speaker: The very question is sufficiently vague to be answered.

Dr. P. S. Deshmukh: Is it a fact, Sir, that some of the people in the bordering villages have lost their cattle and some of their other belongings, and if so, have any steps been taken to compensate them in any way?

The Honourable Sardar Vallabhbhai Patel: It is quite possible that some of the people have lost their cattle and some have lost their property. I should imagine it is generally a part of the struggle for freedom.

Prof. N. G. Ranga: In view of the fact that twelve villages bordering on the neighbouring area have declared themselves independent of the Nizam's control soon after the departure of all Nizam's officers from those villages, will Government consider the advisability of giving them sufficient protection against any vindictive action at the hands of the Nizam, now that they might be taken back?

The Honourable Sardar Vallabhbhai Patel: I do not think any action will be necessary because the agreement will have its effect and should be allowed to have its effect. The Honourable Member knows that the Government of India are going to appoint an Agent in the State who will look after all these matters.

Shri H. V. Kamath: With reference to the reply to part (c) of the question, when did the first deputation wait on Government and what was the personnel of the deputation?

The Honourable Sardar Vallabhbhai Patel: I do not think any formal deputation has come. Several people have come and met us several times.

Shri M. S. Aney: Are Government aware of the fact or of the complaint that several people who are given licenses by the Local Government are unable to get fire-arms? If so will the Government of India help the provincial Governments to have sufficient fire-arms and things like that?

The Honourable Sardar Vallabhbhai Patel: This question was discussed recently in the conference of provincial Ministers that was held last week and it is engaging the attention of Government.

GURKHAS IN INDIAN AND IMPERIAL TROOPS.

650 ***Shri Damber Singh Gurung:** Will the Honourable Minister of Defence be pleased to state:

(a) which of the Gurkha Battalions were allotted to (i) Indian Dominion and (ii) British Imperial Troops;

(b) how many of the Gurkha Military personnel including officers have opted to serve the Imperial troops;

(c) what is their percentage;

(d) what will be the position of those who have opted not to serve the British Government in the Imperial troops; and

(e) whether they will be absorbed in the Indian Army?

The Honourable Sardar Baldev Singh: The Prime Minister will shortly be making a general statement in the House on this subject.

Shri Damber Singh Gurung: May I know if the Government of India raised any objection to the formation of these British Imperial Troops?

The Honourable Sardar Baldev Singh: We have nothing to do with that.

Shri Damber Singh Gurung: Have the Government of India lodged any protest with the Government of Nepal as regards the formation of these British Imperial Troops?

The Honourable Sardar Baldev Singh: Nepal is an independent country and we have no right to make any protest. They are free to do whatever they want.

Shri Damber Singh Gurung: Is the Honourable Minister aware that the formation of these British Imperial Troops is detrimental to the interests of India?

The Honourable Sardar Baldev Singh: I would request the Honourable Member to wait for the statement which is shortly to be made by the Prime Minister.

GURKHAS IN INDIAN ARMY

651 *Shri Damber Singh Gurung: Will the Honourable Minister of Defence be pleased to state:

(a) the total strength of Gurkha army in India at present:

(b) the total number of Gurkha officers above the rank of V.C.O's, showing separately the number of Emergency Commissioned Officers and those in Regular Commission:

(c) whether Government are aware of the fact that there is a strong feeling amongst the Gurkha Military Personnel that the Gurkha troops should be officered by Gurkhas; and

(d) what step do Government propose to take to recruit Gurkhas for officers training?

The Honourable Sardar Baldev Singh: (a) The total strength of the Gurkha troops on 1st November 1947 was 33,000.

(b) The number of Officers of Gurkha Nationality above the rank of Viceroy's Commissioned Officer is:

(i) Regular Officers—6.

(ii) Emergency Commissioned Officers—26.

(c) Government are aware that there is a general desire amongst Gurkha troops that there should be more Gurkha officers.

(d) There is no bar to Gurkhas being granted commissions and Government are exploring possibilities of granting more commissions to Gurkhas. One of the measures taken is to grant direct commissions to suitable Gurkha Viceroy's Commissioned Officers even though the standard of education is not sufficiently high. Government are anxious to give opportunities to Gurkhas for Officers' training.

TREATY WITH NEPAL *re* RECRUITMENT OF GURKHAS

652 *Shri Damber Singh Gurung: Will the Honourable Minister of Defence be pleased to lay on the table of the House a copy of the Treaty between the Government of India and the Government of Nepal regarding the recruitment of Gurkhas in the Indian Army?

The Honourable Sardar Baldev Singh: There is no such treaty.

Prof. Shibban Lal Saksena: Has any agreement been arrived at?

The Honourable Sardar Baldev Singh: As I have stated in reply to a previous question, it will be better if the Honourable Member will wait for the statement which the Prime Minister is going to make on the subject.

Prof. Shibban Lal Saksena: Shall we be allowed to put questions after the statement is made?

Mr. Speaker: That is not for him to answer. It rests with the Chair.

"PRINCES" COLLEGES.

†653. ***Shri Ram Narayan Singh:** Will the Honourable Minister of States be pleased to state:

- (a) the number of schools and colleges known as "Princes" College;
- (b) their constitution and finance;
- (c) the method of control by the Government of India; and
- (d) the proposed changes, if any, in the policies, status and number of institutions with special reference to their secluded existence for a particular class of people, i.e., Princes?

The Honourable Sardar Vallabhbhai Patel: (a) There are four Chiefs Colleges viz. the Mayo College at Ajmer, the Daly College at Indore, the Rajkumar College at Rajkot and the Rajkumar College at Raipur.

(b), (c) and (d). The management of these Colleges is vested in their respective Governing Bodies which are not controlled by the Government of India.

DESERTION BY MUSLIMS IN INDIAN MILITARY AND POLICE.

†654. ***Dr. N. B. Khare:** (a) Will the Honourable Minister of Defence be pleased to state whether it is a fact that all the Muslim Military personnel of the Indian Army deserted and joined the enemy, during the recent invasion of Kashmir?

(b) Is it also a fact that most of the Muslim police during the recent Muslim rising in Delhi deserted their posts, and took away their arms, and that they were used against our people and Army?

The Honourable Sardar Baldev Singh: (a) No.

(b) It is true that some Muslim members of the Delhi Police deserted with arms. There is no record to show that they used their arms against civilians or the Army.

PAKISTAN'S EXPORT DUTY ON RAW JUTE.

655. ***Shri B. P. Jhunjhunwala:** (a) Will the Honourable Minister of Finance be pleased to state whether the attention of Government has been drawn to an Ordinance promulgated by the Government of Eastern Pakistan imposing an export duty on raw jute coming into the Indian Dominion?

(b) If so, is it not a breach of the standstill Agreement between the two Dominions?

(c) If the answer to part (b) above be in the affirmative, what steps are the Government of India taking in the matter to protect the interest of the Indian Dominion?

‡**The Honourable Shri B. K. Sharmukham Chetty:** The attention of the Honourable Members is invited to the Press Communique issued by the Government on the 23rd November 1947 explaining their attitude in this matter.

†Answer to this question laid on the table, the questioner being absent.

‡Vide reply to question No. 632.

PAKISTAN'S EXPORT LEVY ON JUTE.

656 *Shri Deshbandhu Gupta: (a) Will the Honourable Minister of Finance be pleased to state whether Government are aware of the imposition of export levy by the Pakistan Government on all exports of jute to India?

(b) Do Government propose to lay on the table of the House the correspondence exchanged on the subject between the Governments of Pakistan and India?

(c) What action Government propose to take in this respect?

†**The Honourable Shri R. K. Shanmukham Chetty:** The attention of the Honourable Members is invited to the Press Communique issued by the Government on the 23rd November 1947 explaining their attitude in this matter.

Shri Deshbandhu Gupta: Have Government indicated to the Pakistan Government the retaliatory measures which they would be obliged to take if the Pakistan Government persisted in their decision to levy this duty?

Shri M. S. Aney: On a point of order, can supplementaries be asked at this stage when the original question has been already answered?

Mr. Speaker: The point is that when the Honourable Finance Minister answered question No. 638 he said he was answering questions 655 and 656 also along with it. There was a bit of technical error in that these two questions were not, at that time, formally put by Honourable Members. That is why I am allowing these supplementary questions; otherwise I would not have allowed them.

The Honourable Shri R. K. Shanmukham Chetty: I am not sure whether from the technical point of view it is always advisable to give advance notice of what retaliatory measures we contemplate.

Shri Deshbandhu Gupta: In view of the experience we have had of Pakistan, does not the Honourable Minister feel that some indication of our move is necessary to get the desired effect?

The Honourable Shri R. K. Shanmukham Chetty: It is a matter of opinion, but in certain cases I think it is better to hold our hand and not tell in advance what measures we are going to take.

Shri Rohini Kumar Chaudhuri: Are Government aware that in view of this proposal to levy jute duty the export of jute from Assam has practically stopped and the jute growers there have been very hard hit?

The Honourable Shri R. K. Shanmukham Chetty: The Honourable Member's statement is not correct. As a matter of fact with a view to conserve the raw jute stocks for our own mills we are taking steps to curtail jute exports.

Shri Rohini Kumar Chaudhuri: I am referring to the Assam jute which is being held up on account of the imposition of this duty. The Honourable Minister can ascertain that.

The Honourable Shri R. K. Shanmukham Chetty: I will have that matter examined.

Shri Mohan Lal Saksena: May I know how long the Government of India will wait before taking retaliatory action, apart from the question of notice?

The Honourable Shri R. K. Shanmukham Chetty: Just as long as their patience will allow them.

Shri Mohan Lal Saksena: Has the patience of Government any relation to the patience of the people?

Mr. Speaker: Order, order; that is not permissible.

†Vide reply to question No. 638.

Shri Rohini Kumar Chaudhuri: In making representations to the Pakistan Government will the Honourable Minister remember to draw their attention to the fact that most of the jute growers in Assam belong to the Muslim community?

The Honourable Shri R. K. Shanmukham Chetty: Yes, Sir; I shall draw attention to it.

Shri Mohan Lal Saksena: Are Government aware that people are getting agitated over the imposition of this duty by Pakistan?

The Honourable Shri R. K. Shanmukham Chetty: That will strengthen our case.

Prof. Shibban Lal Saksena: May I know how long such violations of solemn agreements by Pakistan are to be allowed and we are to stay our hand in order to have good relations with the Pakistan Government?

Mr. Speaker: I do not think these are questions for information; these are all opinions and arguments.

Shri Deshbandhu Gupta: Is it a fact that the Pakistan Government have now realised that this duty was imposed under some misapprehension or due to non-receipt of some letter from the Government of India which perhaps took 15 days to reach there?

Mr. Speaker: Order, order; that will be a question for the Pakistan Government.

Shri B. P. Jhunjhunwala: Do the Government of India charge export duty on the jute on which the Pakistan Government have already charged a duty?

The Honourable Shri R. K. Shanmukham Chetty: Yes, Sir; we normally levy our own export duty irrespective of what the Pakistan Government does.

Shri B. P. Jhunjhunwala: Is it not a fact that on account of this double duty the Indian jute trade will be prejudicially affected?

The Honourable Shri R. K. Shanmukham Chetty: That is a matter which must cause anxiety to the Pakistan Government and not to us.

Shri B. P. Jhunjhunwala: Are Government aware that the Pakistan Government have begun to send jute—even loose jute—via Chittagong port?

The Honourable Shri R. K. Shanmukham Chetty: We cannot prevent the Pakistan Government from exporting jute through their own ports.

Shri B. P. Jhunjhunwala: It is for that reason that we want Government to take action to see that the trade of India does not suffer by double duty and is diverted to Pakistan now because we are going to produce more jute in our own territory.

The Honourable Shri R. K. Shanmukham Chetty: We cannot take any action to prevent the Pakistan Government for exporting any of their produce through their own ports.

SALE OF LAND BY DELHI IMPROVEMENT TRUST

657. ***Giani Gurmukh Singh Mussafar:** Will the Honourable Minister of Health be pleased to state:

(a) Whether Government are aware that the Delhi Improvement Trust has helped only moneyed-men, contractors and capitalists in acquiring lands for building purposes;

(b) Whether Government are aware that competitive rates for plots of land in Delhi have rendered it impossible for middle class men to purchase plots so as to live in decent houses;

(c) Whether Government are aware that capitalists or contractors purchase plots in lots at exorbitant prices thereby depriving men of ordinary means to acquire lands;

(d) What steps Government propose to take to help the middle class men, and more particularly the ministerial staff of the Government of India, who are hard hit by the present economic conditions and by the difficulties in getting decent housing accommodation; and

(e) Whether Government propose to allot plots of land to the permanent servants of the Government of India free of charges or at a fixed nominal price?

The Honourable Rajkumari Amrit Kaur: (a), (b) and (c). Under the land disposal rules of the Delhi Improvement Trust, plots of land are ordinarily put up for sale at competitive rates by tender or auction. Government are aware that under this system people of moderate means may find it difficult to purchase land at competitive rates.

(d) The Improvement Trust is examining the possibility of disposing of land to co-operative housing societies representing all classes including Government servants.

(e) No.

Shri H. V. Kamath: Arising out of the answer to part (d), will the Honourable Minister kindly state how many among the ministerial staff of the Government of India are at present without decent houses to live in?

The Honourable Rajkumari Amrit Kaur: I have no information.

Shri Deshbandhu Gupta: Has the Honourable Minister received the report of the Committee which was appointed to review the disposals of land by the Improvement Trust?

The Honourable Rajkumari Amrit Kaur: The report has not yet come into my hands. I am informed that it has been submitted and is with the Chief Commissioner of Delhi.

Shri Deshbandhu Gupta: Is the Honourable Minister aware that the Committee concluded its work in the month of May and will the Honourable Minister enquire into the reason of the delay in submitting this report?

The Honourable Rajkumari Amrit Kaur: I am prepared to enquire.

Shri Mihirlal Chattopadhyaya: May I know whether the Government are aware that a large number of Government officers have sub-let their houses at black-market rates, and will the Government be pleased to hold an enquiry into the matter, detect those people and bring them to book?

The Honourable Rajkumari Amrit Kaur: This is a question that concerns the Ministry of Works, Mines and Power.

Prof. Shibban Lal Saksena: Should it normally take the report of the committee eight months to reach the Honourable Minister?

Mr. Speaker: That is a matter of opinion.

EXTRA-PROVINCIAL JURISDICTION BILL

Presentation of the Report of the Select Committee

The Honourable Sardar Vallabhbhai Patel (Minister for Home, Information and Broadcasting and States): Sir, I present the Report of the Select Committee on the Bill to provide for the exercise of certain extra-provincial jurisdiction of the Central Government.

REPEALING AND AMENDING BILL

The Honourable Dr. B. E. Ambedkar (Minister for Law): Sir, I beg to move for leave to introduce a Bill to repeal or amend certain enactments.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to repeal or amend certain enactments."

The motion was adopted.

The Honourable Dr. B. E. Ambedkar: Sir, I introduce the Bill.

INDIAN TARIFF (SECOND AMENDMENT) BILL

The Honourable Shri N. V. Gadgil (Minister for Works, Mines and Power and Commerce): Sir, I beg to move for leave to introduce a Bill further to amend the Indian Tariff Act, 1934.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill further to amend the Indian Tariff Act, 1934."

The motion was adopted.

The Honourable Shri N. V. Gadgil: Sir, I introduce the Bill.

ARMED FORCES (SPECIAL POWERS) BILL

The Honourable Sardar Baldev Singh (Minister for Defence): I am due to introduce the Bill on the 8th. As I will be away at Lahore on that day, I would like to introduce it today.

Mr. Speaker: As it is only an introduction, I do not mind.

The Honourable Sardar Baldev Singh: Sir, I beg to move for leave to introduce a Bill to enable certain special powers to be conferred upon officers of the armed forces in disturbed areas.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to enable certain special powers to be conferred upon officers of the armed forces in disturbed areas."

The motion was adopted.

The Honourable Sardar Baldev Singh: Sir, I introduce the Bill.

ARMED FORCES (EMERGENCY DUTIES) AMENDMENT BILL

The Honourable Sardar Baldev Singh (Minister for Defence): Sir, I beg to move for leave to introduce a Bill to amend the Armed Forces (Emergency Duties) Act, 1947.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to amend the Armed Forces (Emergency Duties) Act, 1947."

The motion was adopted.

The Honourable Sardar Baldev Singh: Sir, I introduce the Bill.

INDIAN FINANCE (SUPPLEMENTARY) BILL

The Honourable Shri B. K. Shanmukham Chetty (Minister for Finance):

Sir, I move:

“That the Bill to give effect to the supplementary financial proposals of the Central Government for the year ending on the 31st day of March, 1948, be taken into consideration.”

Sir, there is at present an *ad valorem* duty on cotton cloth and the cotton yarn exported out of this country. It is more or less a nominal duty and the proceeds are given for the textile fund. Our controlled price of cotton textiles is very much below the parity prices and we have been told that in the countries to which our cotton textiles are exported, the ruling prices are very much higher than our controlled prices. The difference between these two prices is really taken by the middle-man. We think that there is no justification to allow middlemen to appropriate all this profit and we have therefore decided to levy an export duty of four annas per square yard on all cotton cloth exported and six annas per pound on all yarn that is exported. I have no doubt that in view of the very high prices that prevail in the markets to which our cloth and yarn go, there would not be any difficulty that the export trade might feel on this account. It has been suggested to me that the more appropriate manner of levying this duty will be an *ad valorem* basis, because on the basis of a specific duty the incidence on the coarse varieties will be greater than that on finer varieties. I am fully alive to this difficulty. The bulk of our exports consists of the coarser varieties and I have been told that the duty of four annas per square yard can very well be placed even on the coarse textiles that are exported from our country. Anyhow, I would watch the operation of this duty for the next two or three months and if I decide to continue this duty for the next budget, I will then consider whether there is any case for converting the duty into an *ad valorem* duty.

Sir, this measure seems to have the approval of the public as a whole, and I have no doubt that this House also will give its consent to this measure being put on the statute book. Sir, I move:

Mr. Speaker: Motion moved:

“That the Bill to give effect to the supplementary financial proposals of the Central Government for the year ending on the 31st day of March, 1948, be taken into consideration.”

Shri M. Ananthasayanam Ayyangar (Madras: General): Sir, normally an export duty would not be levied for revenue purposes but would be resorted to in emergencies when the Government wants to augment its revenues. There is, no doubt, an export duty on jute. Likewise, having regard to the central finances there may be justification for a duty of this kind. Another reason for imposing an export duty is to prevent the export of a commodity which is in short supply. It is true that we have not got either sufficient yarn or cloth and therefore an export duty may be imposed on that ground. Even during the war when we were hard pressed for cloth and yarn, Government did export cloth and yarn to neighbouring countries so that in times of peace we may not lose the market. When normal conditions return we may be able to develop the markets. For that purpose some export was and is being allowed. As a matter of fact the export controls have been relaxed recently and export of *lungi* and other handmade cloth has been allowed to Ceylon, Burma, Malaya and some neighbouring countries like Afghanistan and Iran. This was done both to encourage handloom products and also to supply the deficiency of those countries which have all along been depending upon our country for cloth. But I am not able to know what purpose this export duty will serve. Perhaps it is intended to augment the revenue. There is one disadvantage in regard to cotton. If an export duty is imposed on finished goods, either yarn or cloth, it will become

[Shri M. Ananthasayanam Ayyangar]

an encouragement to the export of raw cotton, unless there is a duty on the export of raw cotton.....

An Honourable Member: There is duty on the export of raw cotton.

Shri M. Ananthasayanam Ayyangar: There is a maximum duty of Rs. 75 for a bale of 400 lbs. It is open to the Government to impose a maximum duty of Rs. 75 on a bale of 400 lbs. or reduce it. For a long time I have been opposed to the export of cotton for this season. Cotton is one of the things which we grow to a large extent in this country. We export coarse cotton and we import long staple cotton from Egypt and other places. An attempt was made to grow the finer varieties of cotton in the Punjab but much of those areas have gone to Pakistan. Likewise large portions which have been growing jute in Bengal have gone into the Eastern Pakistan. We have therefore to raise the finer kinds of cotton or manage with our own coarse varieties of cotton in a number of ways. We must so adjust our machinery that even coarse cotton would look like fine cotton when it comes out as yarn or cloth. Similar attempts were made by Germany. I have been watching the reports of the Textile Commissioner from time to time. I found that Germany had adopted this method. Whenever there was any commodity in short supply, the Germans used to find out a substitute. During the war oilseeds were in short supply and they discovered a substitute by way of the whale oil. So far as cotton was concerned, though the finer varieties of cotton were sent to Lancashire and Manchester, Germany used to import from India only the coarser varieties. They so adapted their machinery that when cotton came out either in the form of yarn or cloth even short staple cotton looked like long staple cotton.

There is a Cotton Cess Committee here. A cess is imposed for the purpose of enabling research. In clause 3 you will find provision made for contribution to a fund for the purpose of research. The House will remember that in the recent Income-tax Act if any industry sets apart a sum for purposes of research in that industry that sum is exempted from taxation. I do not know what these millowners either at Ahmedabad or at Bombay have done with all those moneys for which they have been having tax-exemption. Why once again some more money should be given from this export duty? Why are we augmenting this research fund? These people cannot be called industrialists; they are merely traders or businessmen. They are only trying to make money all the time. They must try to improve their industrial plant and set apart some funds for research so that whatever commodity is available in this country may be used to the best advantage. There is no meaning in sending away our cotton which grows here and then falling on bended knees before America to send us some cotton. So far as the finer varieties of cotton are concerned they are grown by Egypt. America and the United Kingdom have got a monopoly over all the cotton that is produced in Egypt. They have entered into an agreement with Egypt for a period of ten or fifteen years to buy all the cotton that is grown by Egypt. Today if we have to get cotton from Egypt we have to go round about through the U. S. A. and the U. K. I would like to be corrected if I am wrong. I would urge that we should devise ways and means to see that all the cotton that is produced in this country is utilised in this country and we do not send even a particle of cotton in an unmanufactured condition. If anything goes out of the country it must be only in the form of manufactured goods. Before the war, large quantities of our raw cotton used to go to Manchester and Lancashire and the coarser varieties used to be bought by Japan. From Japan we used to get coarser kinds of yarn and cloth. Japan is now unable to produce much. Therefore there is an opportunity for us. The industries have not been taking advantage of the opportunity that has been afforded by the war and the abnormal conditions that have ensued and they are still having their own way. Cheap profits are their only motive. There is

absolutely no intention on their part to devise ways and means to absorb all the cotton that is produced in this country. I would like you, S.r., to judge the effects of this measure so far as industry is concerned. This Bill intends to impose a specific duty at a flat rate on cloth that is exported at four annas per yard and it imposes a specific duty of six annas on every pound of yarn that is exported. I would like to prevent the export of yarn and instead cotton cloth being exported. So far as cotton is concerned the export duty is not sufficient to prevent the export of raw cotton. I do not want any raw cotton to be exported from this country. As regards cloth and yarn I am glad that the honourable member has chosen to impose a heavier duty on yarn at the rate of six annas per lb. and four annas on cloth per yard. But it will have a deleterious effect upon the export of yarn, though the duty is not in terms of yard but of weight. This will have a deleterious effect on the export of handloom cloth. Four annas per yard is uniform whether the cloth is fine or coarse. Today there is a large volume of trade in *lungis* and the coarser varieties produced on the handloom in the southern parts of Madras Presidency. The largest number of handlooms is in Assam and next comes our Presidency. This measure will encourage the export of mill made cloth in preference to the handloom cloth and it may have a chilling effect on the handloom cloth. We ought not to judge its effects from a purely temporary point of view. It may come to stay and therefore we will have to consider its long-term effects. The Honourable Minister himself is in the industry. He is one of the industrialists of South India and himself owns textile mills. When he brings forward a measure of this kind I am sure he has considered all aspects of the matter but there may be one or two things which may have escaped his attention. I am trying to bring them to his notice. I notice the difference between the manner in which handloom cloth is treated from millmade cloth. I have received a telegraphic communication from the South Indian Chamber of Commerce that this should be remedied as the export duty works out to 80 per cent. on handloom cloth and only to 20 per cent. on finer counts of cloth. This is not the final Bill. In March next we will have the regular Finance Bill. In the interval I am sure the Honourable the Finance Minister will watch the effects of this export duty on both finer varieties of cloth and coarser varieties or handloom cloth and try to adjust things later on.

Prof. N. G. Ranga (Madras: General): Mr. Speaker, Sir, I have only one or two points to make. I am in general agreement with what my Honourable friend Mr. Ananthasayanam Ayyangar has said except that I do not want the export of cotton to be discouraged unless and until our millowners are able to consume the whole of it. During the whole period of the war because cotton could not be exported they were exploiting the cotton grower. I agree with Mr. Ayyangar that the incidence upon handloom woven cloth is too high and that it should be lowered at the earliest possible opportunity. I hope that the Honourable the Finance Minister will agree to change over from the specific duty to an *ad valorem* imposition at the time of the next Budget if at all he thinks that this particular tax should be reintroduced at that time.

Thirdly, Sir, representing as I do the handloom weavers, I wish to draw his attention to the fact that there used to be a subvention of Rs. 5 lakhs set apart for the improvement of the handloom weaving industry and it was at that time collected from out of a small cess that was being levied upon, I think, the import of mill cloth and mill yarn. That subvention of Rs. 5 lakhs used to be utilised for very good purposes, namely, for the development of co-operative societies among handloom weavers. Grants used to be made from out of it for all Provincial Governments. In Madras, U. P., Bihar and also in C. P. the handloom weavers have come to be organised in a co-operative manner and the co-operative societies have stood them in good stead during the whole of the war and they have also helped the war-time cloth production. Unfortunately it has been given up in the last one year and a half. Since this tax is going to be

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levied upon handloom woven cloth also, and since a large proportion of our cloth exports today consists of handloom woven cloth—I understand from the Honourable the Finance Minister that 10 per cent. of the total cloth exports will be coming from the handloom weavers—I wish to suggest to him that he should try to set apart at least one-fourth of the collections that he would be making by way of this tax, for the improvement of the handloom weaving industry. It may be said that at present the handloom weaving industry is not so badly off. To say that would have been quite correct a year or two ago, but it is not quite correct to say that today. They are suffering from under-employment and in certain parts from unemployment also owing to the shortage of yarn supplies. Secondly, in a very short time we are afraid that there is likely to be a sort of economic depression especially in the textile industry and particularly so far as the handloom weaving industry is concerned. Therefore I wish to suggest to the Honourable the Finance Minister that it would be advisable for the Government to build up a kind of a separate fund for the development of the handloom weaving industry and feed that fund from out of whatever grants they would like to make from the collections they make from this particular tax. I hope the Honourable Minister will consider the suggestion favourably and try to help the handloom weaving industry which deserves much more encouragement and assistance than the mill industry itself.

Shri T. A. Ramalingam Chettiyar (Madras: General): Mr. Speaker, Sir, if I rise to say a few words on this occasion it is with reference to the particular matter at issue and not to traverse all the matters that have been traversed by my predecessors. Several statements have been made by the two speakers who spoke before me to which some correction can be made but I do not want to do so as I do not want to take the time of the House. Coming from a place which depends to a large extent on handloom weaving and which has been allotted a large portion of the quota of cloth consumption from handloom weaving, it is necessary for me to remind the Honourable Minister in charge of the Bill, who also comes from the same area, that this measure is likely to affect in a very bad way the handloom cloth which is being exported. We are sending handloom cloth made of lower and medium counts to East Africa, to Malaya and to other places. The Honourable Minister told us that his object in bringing the Bill was to take for the Government a portion of the money which the middlemen were getting. I do not know whether he refers to the middlemen dealing with millmade cloth or with handloom cloth. So far as millmade cloth is concerned the middlemen are making a large amount of profit with the result that the consumer has to pay very much, about twice the amount for which he could have got the cloth but for the intervention of the middlemen. On the other hand with regard to handloom cloth a number of calculations are made. I do not know how far the Government is going to keep the prices as they are. The calculations made for the prices fixed work out like this. For the same count of cloth, millmade cloth will be sold for As. 9 a yard whereas for handmade cloth of the same count the price fixed is Rs. 1-8-0. The calculations made may be justified or may not be justified and it will take some time if I begin to examine the reasons given for fixing the price of handmade cloth at this high figure. If we are going to export the handmade cloth to our old markets will it be able at this high controlled price of Rs. 1-8-0 a yard to compete with other products which are coming to the same markets? As I said, Malaya, East Africa and places like that are the areas to which our goods go. Will our goods carrying these high prices be able to compete with goods coming from Japan, America and other places from which countries we hear cloth is already coming to these areas? We read in the papers that some imports have been received from Japan and America in some of these Eastern countries. I do not know the quantity that has been received and whether it has already begun to affect our exports to these countries.

Any way it seems to me that it will have to be considered very deeply whether if the present controlled prices at this high rate are to be continued, our exports may not be affected by the duty that is proposed at the present moment. With the high prices and the duty combined, certainly our goods will be at a disadvantage in those markets. So I should like the Honourable Finance Minister to examine this matter and see that our exports are not affected by the duty that is now proposed. Not only that, Sir, he will also have to see that our permanent markets in Malaya, East Africa and other places are not seriously affected. For that purpose, he will have to examine again, in conjunction with the Minister for Industries, whether the controlled prices fixed by the Government for handloom cloth are justifiable and whether they cannot be reduced. The main reason given for fixing these high prices is scarcity of yarn which makes it impossible for the weaver to have employment for more than 10 or 15 days in the month. They say on account of this scarcity you will have to consider a full month's wage as the wage for the work that he turns out in 10 or 15 days. As a result of this, we are charged double the wages that we have to pay ordinarily. This sort of thing cannot continue for ever. Even in the local market handloom cloth is suffering very badly. I have been hearing and I think the Government is aware of the complaint that there is a very large stock of handloom cloth unsold at the present moment. Even in Delhi I was told the other day that there is a large stock of cloth which has not been sold. One of the explanations given was transport was not available. It may be so, but is that the only reason for this large stock that has been accumulated? I fear Sir, the high price of handloom cloth is one of the main reasons why there has been such a slump in the market for these goods. So I would ask the Finance Minister to consider first the duty that he is going to levy on the export of these goods, and secondly the controlled prices that are fixed for handloom cloth in the country itself; and as he himself said, Sir, there is the question of the middlemen. There are so many middle-men in the trade; there are half a dozen for yarn, and another half a dozen for cloth, with the result, as I said, that probably the consumer can get goods without these middle-men for about half the price which he is now paying in the market. So the middle-men should be minimized. The channels of communication is another matter which he will have to take into consideration, and in conjunction with the Minister for Industries and Supply, he will have to tackle all these. Sir, that is all I wish to say at present.

Prof. Shibban Lal Saksena (U. P. : General): Sir, this Bill is a consequential Bill to the Budget and in it the Honourable the Finance Minister has tried to impose some taxes to make up a very small part of the big deficit. They will make up about 2 crores of rupees this year out of a deficit of 26 crores. So in considering this Bill there are two considerations: firstly whether this particular duty on yarn and cloth is desirable, and secondly whether the Finance Minister's proposals are adequate or not. Dealing with the first of these, I think that the protest raised by some of my Madras friends has probably been anticipated by the Finance Minister himself by saying that this cloth sells at a much higher price in the country it is exported to and this small duty will not matter. I also know something of these things from experience. I live on the borders of Nepal, in the district of Gorakhpur, and a very large amount of handloom cloth is exported to Nepal, and probably the House will be amused to know that the prices of handloom cloth in Nepal are about twenty times what they are in the U. P. and that a very large amount of black-marketing is going on in order to supply cloth to Nepal, and I think crores of rupees have been made by those who have been doing this smuggling. So I do not think that a small duty of 4 annas or 8 annas, or whatever has been proposed, will in any way affect our exports. Probably there is not much cloth to be exported outside. At least there is none in our province. But if any part of the country exports yarn or cloth, I think this duty is not going to affect that and therefore I think my

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friends from Madras need not be afraid. I should have wished a much higher duty on its export. In my own province I think the Government should legalise the export of cloth that goes to Nepal by imposing a higher duty. This will systematise the export of cloth to Nepal which is friendly independent Hindu State and depends for all its imports on and through India. In that way black-marketing will stop. But while I support this duty, I am very much critical of the proposals contained in this Bill. I have no intention to speak on the Budget, but I feel that the uncovered gap of 24 crores in the budget was not a very wise policy and I do not think these financial proposals are adequate to meet the needs of a nation which has to make up for the backwardness caused by two centuries of slavery. We have emerged into a free State only four months back. Yesterday when Mr. Ananthasayanam Ayyangar moved his cut, the guillotine was applied immediately after. The cut was intended to discuss the failure to appoint a Ministry for Planning to place before the nation a five year plan of national development as part of a long range programme to bring the country abreast of Russia and America within the next ten years. I had given notice of that cut myself, and if the guillotine had not been applied I would have explained how we must work at a tremendous pressure if we wish to realise our natural destiny as the greatest nation of the world with a unique culture and civilisation. Ours is a great country. The Prime Minister told us the other day that we want to keep an independent Foreign Policy in world affairs. We do not want to join any block, but if we are not going to join any block, we must be in a position to defend our freedom and independence with our own strength. Otherwise if we are not strong ourselves, some other power which is more powerful can exercise pressure and force us to yield. To be an independent nation in the world today we must be equal to the other big powers. Otherwise it would be impossible for us to maintain an independent position. India, by virtue of its population, its most ancient culture and civilisation, its great resources, economic, moral, intellectual and spiritual, and its eminent leaders, is entitled to a position greater than that of America and Russia in international affairs, but that position cannot be realised if the budget proposals are such as they are now. My friend Mr. Ayyangar very rightly said yesterday that there is not even a mention about planning in the budget proposals. He pointed out what our Prime Minister said the other day that in Russia our Ambassador has to go to Stockholm to purchase furniture because Russians have no time to produce these things and everybody there is at his assigned job in the planned development of.....

Mr. Speaker: Does the Honourable Member propose to go into the Budget again?

Prof. Shibban Lal Saksena: No, Sir. I want to say these proposals are inadequate and there must be much more taxation than what has been proposed to provide for the cost of National Development.

Mr. Speaker: How is it relevant to this. I fail to understand the connection between the two.

Prof. Shibban Lal Saksena: The Finance Minister has moved his Bill "to give effect to the supplementary financial proposals for the year ending on the 31st day of March 1948". I consider these proposals inadequate. I think there should have been more taxation. I am pointing out the essential needs for which more money should be raised. I am saying.....

Mr. Speaker: I am afraid it will not be possible for me to permit the honourable member to go into the whole question of Budget and finances. There was a general discussion on the Budget, and all the Demands have been voted upon by this House. So that is concluded now. It is perfectly competent

for him to criticize this particular levy, this particular method of raising funds, and he can do that.

Prof. Shibban Lal Saksena: May I say this, Sir, that these financial proposals are not adequate to meet our needs?

Mr. Speaker: He can at the most say that, but he cannot go into the discussion of the Budget over again; he is trying to open up the whole field of the Budget Discussion.

Haji Abdus Sattar Haji Ishaq Seth (Madras: Muslim): May I say, Sir, that the practice in this House has been that on the Finance Bill, every matter that comes within the purview of the Government of India can be discussed? Of course, that was in the old set-up; I do not know whether you are setting up a new practice.

Mr. Speaker: There is a misapprehension on the part of the honourable member. This Bill, technically speaking, is not a Finance Bill in the sense in which a Finance Bill is understood, and therefore the very basis of his argument falls through. I know that everything could be discussed—even the moon could be discussed, as I was told last year; but then, the moon may be discussed in relation to the Earth. Therefore, the honourable member can refer to some points in the general aspects. But the honourable member is trying to go into the whole field of the General Discussion again.

Prof. Shibban Lal Saksena: I was under the impression, Sir, that this is a Finance Bill and therefore I thought I could go on. Any way, I want only to point out that our finances at the present moment should have been such that instead of a deficit we should have had large sums of money to invest into big schemes and plans. I saw the other day the Plan of Mr. Neogy, which probably has been there for the last one year. I do not know what has been done to give effect to it. But I do hope that the Finance Minister, in his next Budget, will bring before the House proposals in accordance with a comprehensive plan for the future so that we can have a lot of money to spend on the various projects.

Sir, this Bill is a very small one trying to get some taxation for a portion of the year and therefore it cannot help very much to reduce our deficit. Two crores is not a very big sum out of twenty-six crores, but still as it is something I welcome it. But I think there were ample opportunities to tax the capitalist black-marketers about whom we heard so much yesterday. Our Prime Minister had told us that they ought to be hanged. But here they are not even taxed.

Mr. Speaker: Order, order. The Honourable Member is not keeping to his promise.

Prof. Shibban Lal Saksena: I therefore hope that next time we shall not be complaining about our finances or deficits. I also hope that next time the Finance Minister will provide us with large funds to really help us in making this country great.

Shri M. S. Aney (Deccan and Madras States Group): Sir, the Bill before the House is to give effect to the Supplementary Financial Proposals of the Central Government for the year ending on the 31st day of March 1948. That is the heading of this Bill, Sir. However, in view of your ruling, I accept that it is a Bill which is to be treated not as a Finance Bill but as a Bill confined to the enhancement of a particular tax in a particular way.

Sir, my object in rising on this occasion is to bring to the notice of the Honourable the Finance Minister one or two points which I think are of some importance in considering these proposals. As he comes from South India, he certainly knows that a large number of handlooms exist in Madura District and in other parts of South India, which mainly weave particular kinds of cloth that is consumed in Ceylon. There is a very large demand in Ceylon for a

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particular kind of *saris* and *lungis* which are produced by the hand-loom in Southern India. I think it is a very big market which South India has got in Ceylon as regards this commodity.

The present arrangement as regards the fixing of prices of these articles which are exported from South India to Ceylon, is this. According to some understanding between the Government of Madras and the Government of Ceylon, there is an Agency which fixes the prices of these articles manufactured in Madras and exported to Ceylon. Those prices are stamped on these pieces of cloth sent to Ceylon. Then, to that amount, certain extra charges required for transportation etc. are to be added, and the Ceylon Government has a control on the prices; they have a certain fixed margin of profits which they want to allow and not more.

The complaint there has been that this control on prices which the Ceylon Government had over these articles, was not working satisfactorily; particularly, that they were using that control in such a way as to leave a very little margin of profits for the importing merchant. Therefore, there were many complaints that something should be done with a view to see that the margin of profit is a bit higher so that the importing people may be encouraged in going in for these articles. Now, while I was there, I was also seeing a tendency of a growing competition from America and Japan in this commodity. Well, to what extent the competition has now grown I cannot say after leaving that country, but attempts were made with a view to get similar kind of articles from America and Japan.

Now, the Honourable the Finance Minister is fully aware that Japan can manufacture things at a very cheap price. I do not know whether our products can stand the field against competition from Japan. I therefore want my honourable friend to carefully examine this point and see whether this additional duty of four annas per yard which he is imposing will be helpful. We may leave aside the question of the duty of six annas on yarn because this commodity that I refer to is all manufactured pieces of cloth and yarn does not come in. But as regards the duty on cloth, I want him to examine carefully and see whether it is not likely to affect adversely the export of this particular kind of cloth to Ceylon and make it difficult to compete with other goods coming from America and Japan. If that is so, I am sure he, as an industrialist and as one much more interested in the welfare of the handloom weavers of South India than I can pretend to claim, will see if there is any need to revise his policy.

I particularly wanted to bring this special aspect of the question to the notice of the Finance Member because while in Ceylon I was finding that there was a good deal of uneasiness there on account of the very strong policy of control which the Ceylon Government was pursuing. One of the objects of the Ceylon Government in pursuing that policy was construed by some persons as to make room for cloth coming from other countries rather than to allow Indian goods to be in the field. Sir, that was an interpretation put by some persons, but I am not prepared to subscribe to that view. Any way, it will be of great help to the handloom weavers if this aspect of the question is borne in mind by the Honourable the Finance Member in watching carefully the effect of the export duty on the market conditions for this commodity in Ceylon.

As regards other points, of course, I do not want to say anything except the fact that coming as I do from a tract which grows a great deal of cotton, namely, Berar, I am interested in the export duty on raw cotton. I would like to see that the Indian mills make more use of short staple cotton. They are not careful in making full use of it. In fact, prior to the war, there was a tendency on the part of these mills not to mind that a great quantity of cotton that is grown in short staple in these parts was lying idle. One of the greatest

customers was Japan in those days. Something like 7 lakhs or 8 lakhs bales of cotton were consumed by Japan. As the Honourable Minister may be aware, that after Japan was out of field there was a good deal of negotiation between the British merchants in England and Indian merchants here about these matters, but before any settlement could be arrived at, the war took a more serious turn and matters have remained at a standstill. My point is this, that there are a large number of cultivators in those parts who grow short staple cotton and anything that is likely to reduce the consumption of this cotton outside the country must be compensated for by an increased consumption of that cotton in this country. If export duties are likely to reduce the possibility of consumption of short staple cotton outside India without compensating increase of that consumption in India, it would be a terrible thing from the point of view of these cultivators. Therefore, I would like the Honourable the Finance Minister to bear this point in mind when increasing the export duty on raw cotton.

Shri Rohini Kumar Chaudhuri (Assam: General): Mr. Speaker, Sir, it is said that 'Inscrutable are the ways of the Providence'. I might add another adage to that and say 'More inscrutable are the ways of some of our Honourable Ministers'. It was only yesterday that we heard the Honourable Minister in charge of Industry and Supply bitterly complaining that we are still short of the pre-war level so far as production of cloth was concerned. He mentioned that the figure was somewhere near 800 million yards. After that we should have expected the present Government to come out with an Ordinance that all export from India should be stopped so far as cloth and yarn is concerned. Until we are in a position to get our minimum requirements so far as cloth is concerned, not a single staple of yarn or a single yard of cloth should go out of India. The apology of an enhanced export duty shows how indifferent we are to the needs of this country so far as cloth and yarn is concerned.

Sir, if I tell the House the miseries which some districts in my Province undergo so far as supply of cloth is concerned, I am afraid the Honourable Members may be tempted to laugh, but it is not a matter of laughter. In our parts, in the districts where we want *dhoties* we get plenty of *saris* and where we want *saris* we get *dhoties*. Despatches are made in this way, that some districts are only given *saris* and some districts are given only *dhoties*. What is the result? So far as *dhoties* are concerned, the women are not at all in difficulty, because they have started taking to trousers and *pyjamas*.

Mr. Speaker: Order, order. I do not follow the Honourable Member's relevancy. He is referring to more distribution of cloth or defective distribution of cloth. I think his point is that there should have been a much heavier duty on export. That, of course, he can make, but he need not refer in detail to the stories about distribution.

Shri Rohini Kumar Chaudhuri: Not stories, it is a fact.

Mr. Speaker: May be it is a fact, or it is not a fact. But a man dressing in *saris* or a woman dressing in trousers is a matter not relevant for the purpose of this discussion.

Shri Rohini Kumar Chaudhuri: I admit, Sir, it is not relevant for the purpose of this discussion that women should go about dressed in trousers. But what is relevant, Sir, is that unless we are going to adopt a policy of nudism or unless we are going to follow the preachings of great saints and discard men's clothing as far as possible, then, Sir, there is every justification for the complete stoppage of exports. But if you are not of that view, and if you consider that we should not be partial between man and woman and that we should cloth the men of the present day, then, Sir, greater attention must be paid for the requirements of men's clothing. Sir, it is perhaps very difficult to expect this much justice from the present Government. The powers are nowadays in the

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hands of widowers, both in Pakistan as well as in India, and widowers we know are afraid of women if they were not afraid they would not have remained widowers. Therefore we can hardly expect any justice from them in matters like these.

An Honourable Member: How do you know it?

Shri Rohini Kumar Chaudhuri: We are not getting justice. But this is by the way, Sir.

An Honourable Member: May I ask the Honourable Member to which category he belongs?

Mr. Speaker: Order, order.

Shri Rohini Kumar Chaudhuri: I think, Sir, it is not proper for us to discuss one's own personal affairs. I am not going to discuss my personal matters.

Mr. Speaker: The Honourable Member may come to the subject.

Shri Rohini Kumar Chaudhuri: I was talking with reference to public utility. Sir, as regards export of yarn, I think it is highly criminal to agree to having any kind of export of yarn from this country. What has happened in those provinces where people largely resort to handloom weaving is well known perhaps to this Government. Last year, discussing on the Budget, we laid very great stress on increased supply of yarn to the provinces, particularly Assam and Madras. Sir, it will surprise the House to learn that it has been decided in our parts not to supply any yarn to hosiery mills. They are going practically to stop for want of yarn. As is perhaps well known to the Honourable Minister of Government, a large number of *ganjis*, as we call them, used to be exported from East Bengal to Assam. Now this export has been practically stopped because they want these *ganjis* for themselves. On the one hand, supply of yarn has been stopped for the hosiery mills in Assam and on the other hand the import into Assam of *ganjis* has been stopped. I do not want to refer to our own women-folk because it may create jealousies amongst sisters in India, but it is a well known fact that practically every woman in our part of the country is a weaver. There is no class called "weavers" in Assam because every woman has got to qualify herself for her marriage by being a clever weaver. That is the custom but now on account of want of yarn supply to the Province handloom has been practically stopped. In every household, the wife, the daughter and everyone used to weave and there were at least 4 weaving looms in every house practically. Now that the supply of yarn has been stopped all that has gone and on the top of that and with all respect to my honourable friend, Mr. Aney, you send yarn to Ceylon instead of utilising them all in India. I can only say that it is a most criminal negligence. So, Sir, I humbly submit that the honourable Minister should seriously consider whether all export of cotton yarn should not be stopped, until we are in a position to produce yarn to the pre-war level, and secondly, if at all the export is to be allowed, the rate which has been fixed, namely six annas, should be very much more enhanced, so that practically the export will be stopped.

Shri Satyanarayan Sinha (Bihar: General): The question be now put.

Mr. Speaker: The question is:

"That the question be now put."

The Motion was adopted.

Mr. Speaker: The question is:

"That the Bill to give effect to the supplementary financial proposals of the Central Government for the year ending on the 31st day of March, 1948, be taken into consideration."

The motion was adopted.

Mr. Speaker: I will take the Bill clause by clause.

Now is the time to consider the Honourable Member's amendments and may I point out to him that his amendments are not in order. Under Section 37 of the Government of India Act, a Bill or amendment making provision for or increasing any tax shall not be introduced or be moved except on the recommendation of the Governor-General. 'The Governor-General' here means the Government and there will be no recommendation coming from the Government about acceptance of these amendments or allowing it to be moved. Therefore, I cannot permit the honourable member to move his amendments. That disposes the various amendments. He can, however, address the House on the clause itself.

श्री लक्ष्मीनारायण साहू: सभापति जी, इस प्रस्ताव के बारे में जो संशोधन में लाया था वह मूव नहीं करने दिया गया। इस क्लॉज के बारे में जो चार आना स्क्वायर गज क्लॉथ पर जो एक्सपोर्ट ड्यूटी लगाई जाती है उसे ज्यादा करने के लिए तमाम आदमियों की मंशा है।

हम लोग देखते हैं कि हिन्दुस्तान में लोगों को कपड़ा पहनने को नहीं मिलता है तो फिर क्या सबब है कि जब आदमियों को कपड़ा अच्छी तरह से पहनने को नहीं मिलता है तो हम लोग एक्सपोर्ट करें। जब एक्सपोर्ट हम करेंगे और इस देस से होगा तो जितना ज्यादा रूपया हम ले सकते हैं उतनी कोशिश करेंगे और वह ज्यादा रूपया जो आयेगा उससे हम हिन्दुस्तान की दुसरी व्यवस्था कर सकते हैं। लेकिन मैं सोचता हूँ कि यह जितना भी प्रबन्ध एक स्क्वायर यार्ड के लिए चार आना लिया जाता है वह कफी नहीं है। लेकिन मैं सोचता हूँ कि जो चीज हमारे यहां होती है और जब हम उसी चीज को बाहर भेजते हैं तो उसका इस देश में अभाव हो जाता है और फिर उसी चीज को बाहर से मगाने की कोशिश करते हैं। इस तरह की पालिसी से हम लोग हैरान हैं। मैं जब इतिहास की तरफ देखता हूँ तब मालूम होता है कि मैं उस देश से आया हूँ जिसे कलिंग कहा जाता था। वहां इतना कपड़ा होता था कि जावा और दूसरे देशों को भेजा जाता था लेकिन अब हालत यह है कि वहां कपड़ा नहीं मिला है, इसका क्या सबब है। आज प्रान्त के लोगों के पास सूत न होने की बजह से वे कुलीगिरी का काम करने के लिए कलकत्ता, बर्मा और जमशेदपुर जाते हैं। गवर्नमेण्ट को यह सोचना चाहिये कि प्रान्त की सुविधा के लिए प्रान्त के व्यवसाय के लिए जो सुविधा की जरूरत है उसकी कोशिश करनी चाहिये।

इसलिए मैंने अपने एमेन्डमेंट में यह चार आना पर स्क्वायर यार्ड क्लॉथ की एक्सपोर्ट ड्यूटी को दुगना या ८ आना कर दिया जाय ऐसा रक्खा था। इससे हम लोगों को ज्यादा पैसा मिलेगा और वजट में जो डेफिसिट है वह कम हो जायगा। इसलिए मैं प्रार्थना करता हूँ कि जो एमेन्डमेंट मैंने दिया है उसको मिनिस्टर साहब सोच विचार करके मंजूर करेंगे।

(English translation of the above speech)

Shri Lakshminarayan Sahu (Orissa: General): Mr. Speaker, Sir, I have not been permitted to move the amendment proposed by me in connection with this Bill. It is the intention of all the people to enhance the levy of export duty of annas four per square yard of cloth imposed *vide* this clause.

[Shri Lakshminarayan Sahu]

We find that the people in India are not able to get cloth to wear. Then what is the reason that when the people are not able to get sufficient cloth to wear, we should export? When we export from this country, the more money we can get, the more we will try, and that additional amount which will thus accrue, we can utilize it to change the conditions in India. But I think that the levy of this custom duty of four annas per square yard of cloth is not adequate. But I feel that the things which are produced by us and when we export these, this results in scarcity in this country. And then again we try to import that thing from abroad. We are surprised over this sort of Policy. When I scan over the pages of History, then I come to know that I hail from a country which used to be called as 'Kalinga'. The cloth production there was so much that it was exported to Java and other countries. But now the condition prevailing there is that no cloth is available. What is the reason for this? To-day for want of yarn, the people in the Province are forced to go to Calcutta, Burma and Jamshedpur to seek the avocation of coolies there. The Government should consider over this and try to provide all the necessary facilities for the industrial development of the Province.

Therefore, I had proposed in my amendment to double this custom duty of four annas per square yard on the export of cloth i.e., it should be raised to eight annas. This would yield us an additional amount and thus reduce the deficit in the Budget. Therefore, I request that the Honourable Minister may kindly consider over the amendment proposed by me and accept it.

Mr. Speaker: The question is:

"That clause 2 stand part of the Bill."

The Motion was adopted.

Clause 2 was added to the Bill.

Dr. P. S. Deshmukh (C.P. and Berar: General): Mr. Speaker, Sir, Mr. Ayyangar has already pointed out the fact that in spite of the provision for the creation of a Fund for research in cotton, the fund is not properly utilized and we do not see anything by way of a research that really benefits the agriculturists. Coming from an area where cotton is grown extensively, I would like to inform the Finance Member, Sir, that this provision is more by way of an eyewash and merely to take away the shock of additional taxation rather than an attempt to benefit the cotton grower. In fact, if he analyses what actually is being done in the way of cotton research, I am sure, Sir, like all of us, he will also be sorely disappointed. It is therefore necessary, Sir, that the whole question of cotton research ought to be examined and I would also suggest the creation of a Cotton Institute, where those people who have been growing cotton from time immemorial may receive training, so that the deficiency in the growth of long staple cotton which we are feeling and which we are likely to feel increasingly on account of the partition of the country may be made good and they may receive the education they require. Very often, Sir, such institutions are taken advantage of by those people who merely seek jobs and those who would really increase the production or would improve the land fail to secure admission. This difficulty also I hope he will examine. There is at present the Central Cotton Committee in existence which is supposed partially to look after scientific research in cotton growing. But actually that Committee which was meant to help cotton growers in getting better prices and all that, has dwindled into a clique of capitalists which helps the exploitation of cotton growers more than anything else. That is also one of the things which I hope this Government of Independent India and the Honourable the Finance Minister will examine. I think he also owes it to the House to explain what precisely

is the policy of Government so far as the export of Cotton and yarn is concerned. Everybody knows that there is very great deficiency of cloth and yarn in India, and therefore we are entitled to know whether Government want to export more yarn and cloth or whether they want to discourage it. Actually the situation is such that the export of both yarn and cotton should be altogether prohibited. And what will actually happen? I am not prepared to believe, even if the Finance Minister were to tell me so, that this duty is meant to discourage export; on the contrary I believe it is bound to encourage export because there is such a heavy demand from outside countries for cotton goods that this Bill will result in greater profit making on the part of mill-owners than anything else. This Bill is not going to benefit India in spite of the fact that it will bring some money into Government treasury. It is a matter of common knowledge that what is sold here for Rs. 2 per yard can easily be sold for about 6 to 8 rupees per yard outside India. So I would not be wrong in saying that this Bill is, comparatively speaking, going to realise for India a very insignificant benefit as compared to the huge profits that they are going to accrue to the cloth dealers and the Mill-owners.

Another point I want to make is this. In view of the fact that the textile industry is making such huge profits and as a result of this permission to export they will be making still larger profits, I think it is time that Government should pay more attention to the nationalisation of this industry. I am not going to enter into any arguments for or against nationalisation. But if we want to enrich our Government and enrich our nation and if we want larger funds for the development of India, the taking over of the textile industry by Government would really benefit us far more than this insignificant duty on export would. Although this point has been made by several speakers on various cut motions and so on, I do not think that as much pointed attention of the Honourable the Finance Minister has been drawn to it as in my opinion it is necessary to do. Sir, the Honourable Finance Minister happens to be a textile mill-owner, and I have also heard that he is a believer in socialism. So this will be capitalistic socialism which he will probably bring about in this country. How far that is possible is for the House to judge; but it would redound to his great credit if being a mill-owner he consents to and brings about the nationalisation of the textile industry. That will prove to us more than anything else that he is really a socialist at heart. Every duty that is imposed ultimately falls upon the grower and the unfortunate agriculturists. The first effect of this duty is going to be that the cotton purchasers will offer a much lower price to the grower than is done at the present time. So it is also likely to be misused by the cotton dealers. In addition to what I have said so far there are two suggestions that I want to make on this occasion, that he or his colleagues should try to reduce the number of middlemen who are dealing in cloth, and also see that some kind of co-operative cotton marketing is introduced in India on a large scale, if not out of this fund at least out of some other fund. This subject of sale of cotton is a very old one; for 20 years we have had conferences and the Imperial Council of Agricultural Research has spent lakhs of rupees over meetings and conferences; but nothing very tangible has yet come out. I think that is one of the things that the present Government must attend to, and it is very necessary in order to safeguard the interests of the cotton grower to put more money into his pockets and to stop his exploitation. A better system of cotton marketing on an all India scale should be started as early as possible.

Shri Khandubhai K. Desai (Bombay: General): Sir, in supporting this clause I should like to put a few points for the sympathetic consideration of the Honourable Finance Minister. It is estimated that the export duty on cotton cloth and cotton yarn will bring in about 8 crores of rupees and Government is also given discretion to give such amount as it wants to the textile fund. I suggest that if not the whole, at least a large part of this fund should

[Shri Kharudubhai K. Desai]

be earmarked for encouraging the handloom industry for the future. As it is, the textile mills and textile interests in this country have collectively got huge funds at their disposal for any impetus or encouragement that may be required for the development of the textile industry. And particularly, the Honourable Finance Minister will be able to satisfy certain apprehensions that have been expressed by certain Honourable Members of this House with regard to the interests of handloom weavers. He should give an assurance to this House that a large part of this additional fund—if not the whole of it—will go to promote the interests of handloom weavers. Of course for the time being the handloom weavers' interests are not going to be jeopardised because there is a shortage of cloth in the country. This fund will be coming more or less from the middlemen and as there is no parity of prices between Indian cloth and foreign cloth this amount is coming from the present day profiteers. It should properly be utilised for encouraging the handloom industry. The Finance Minister said in his budget speech that he is a socialist and his definition of socialism is an equitable and fair distribution of wealth. So he may at least give us an example by earmarking this additional fund for equitable and fair distribution among those who require it most. Sir, I support this clause.

Mr. Naziruddin Ahmad (West Bengal: Muslim): I have only a short point to submit before the House. There is shortage of cloth in India due to our mills and our handloom industry not working or not being able to work to their full capacity. The permission to export cotton cloth and yarn seems to me

to be a confession of failure on the part of the Government to

1 P.M. utilise our cotton and yarn in making more cloth through the mills and through our cottage handloom industry. This aspect

of the matter should be remembered in connection with this subject.

The Honourable Shri B. K. Shanmukham Chetty: My Honourable friend, Dr. Deshmukh, has been under a misapprehension regarding the purport and scope of this taxation measure. He seems to be under the impression that this export duty is an open invitation for greater export of cloth thereby enabling manufacturers and traders to make more profit. It is not so. Our cloth export is very rigidly controlled by quota systems. In 1945 our export quota was fixed at 600 million yards; in 1946 we reduced it to 400 million yards and in 1947 we propose to allow only 300 million yards. So whether there is an export duty or not, the actual export of cotton textiles is very rigidly controlled. So the honourable member need not have any apprehension that this measure will be an invitation for the export of cotton textiles on a more extended scale.

With regard to the contribution to the Cotton Textile Fund, here again there has been some misapprehension. With regard to researches on the agricultural side, there is already a separate fund, the contribution for which is derived from an excise duty on the cotton consumed in the Indian mills. The proceeds of this excise duty are made available to the Central Cotton Committee, and honourable members must probably have heard of the very splendid work that is done by the Cotton Research Laboratory at Matunga. Now this Institute has done a great deal in the direction of improving the varieties of cotton grown in this country. The small *ad valorem* duty which it is now proposed to replace by a heavier specific duty was intended to build up a fund for setting up a large textile research institute in this country and a considerable amount has accumulated in this fund—I think over two crores of rupees, and Government are examining various schemes as to how best to utilise this fund.

My Honourable friend, Mr. Khandubhai Desai suggested that a substantial portion of this new duty should be earmarked for the improvement of the handloom industry. On general principles, I am against earmarking the proceeds of any taxation for any particular purpose. It is not sound finance. The object of this present measure is to augment the general revenues of the

country. If the handloom industry is to be helped, and I can see that it has to be helped whether there is this duty or not, it will be the duty of the Central Govt. and the Provincial Governments to make handsome contributions for the development of that industry, and I have no doubt that the Central Government will be keenly alive to the needs and necessity for supporting the handloom industry in our country. In this matter, the Provincial Governments are really in a position to do much more than what the Central Government can do. But whatever financial assistance is necessary from the Central Government it will always be forthcoming whether there is any specific duty on cotton textiles or not.

Mr. Speaker: The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Shri R. K. Shanmukham Chetty: Sir, I move:

"That the Bill be passed."

In doing so, I only want to give an assurance that I am keenly alive to the need for protecting the handloom industry, especially as I come from a part of the country which is vitally interested in the fate of the handloom industry. Just at present, the world shortage in textiles is so acute that there is really no need for apprehension that this duty will in any way affect the export of the handloom cloth from our country. As a matter of fact, considering the total volume of export, the handloom cloth plays only a very small part. It is only about 10 per cent. of our total export and even out of this very small part of export, except for certain varieties like *loungies*, which is manufactured in South India, the bulk of the export in handloom cloth is only of the finer variety and I think that this duty of four annas can easily be put on the export of our handloom cloth of the finer variety also. I can assure my honourable friend, Mr. Aney that as matters stand at present, there is no reason to apprehend any serious competition from American or Japanese textiles. As a matter of fact, the price of Japanese textiles today is more than three times our controlled prices in India. Besides, it will interests the House to know that sometime back with a view to create a cloth shortage in this country, the Government of India arranged for the import of some quantity of Japanese textiles and when the stuff actually arrived it was found we could not sell it because the price was so prohibitive. So just at present there is no apprehension that there is any jeopardy for the export of the handloom cloth. But in any case, as I said at the outset, the position will be very closely watched and if I decide to continue this duty in the next budget I will have the whole matter completely re-examined by that time. Sir, I move.

Mr. Speaker: Motion moved.

"That the Bill be passed."

Prof. N. G. Ranga: I do not wish to say anything at this stage but one remark made by the Honourable the Finance Minister has provoked me to say just one or two things. The Honourable the Finance Minister said it is not sound finance to earmark any fund for specific purposes. But I wish to remind him of the fact that whatever might be his view, this certainly is against the practice till now. There have been many funds created, including the Road Fund itself by the result of such earmarking. I hope he will give some consideration to this matter before he actually comes to any decision and see that the existing funds which have come as a result of earmarking and

[Prof. N. G. Ranga]

the funds that may have to be created in future are *given up* before he comes to any final decision in regard to this at the time of the next budget.

Mr. Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

ELECTRICITY (SUPPLY) BILL.

The Honourable Shri N. V. Gadgil (Minister for Works, Mines and Power and for Commerce): Sir, I move:

"That the Bill to provide for the rationalization of the production and supply of electricity, and generally for taking measures conducive to the electrical development of the Provinces of India, be referred to a Select Committee consisting of the Honourable Shri B. K. Shanmukham Chetty, Shri M. Ananthasayanam Ayyangar, Shri B. Das, Shri M. R. Masani, Shri T. T. Krishnamachari, Shri K. Santhanam, Haji Abdus Sattar Haji Ishaq Meth, Shri Rohini Kumar Chaudhuri, Shri B. P. Jhunjhunwala, Shri Mohan Lal Saksena, Shri S. K. Patil, Shri Sures Chandra Majumdar and the Mover, with instructions to report on the opening day of the next session of the Assembly, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sir, there are only four minutes more and as I shall require about 40 minutes for my speech, I shall speak in the afternoon.

Mr. Speaker: Meantime, I shall put the motion to the House: Motion moved:

"That the Bill to provide for the rationalisation of the production and supply of electricity, and generally for taking measures conducive to the electrical development of the Provinces of India, be referred to a Select Committee consisting of the Honourable Shri B. K. Shanmukham Chetty, Shri M. Ananthasayanam Ayyangar, Shri B. Das, Shri M. R. Masani, Shri T. T. Krishnamachari, Shri K. Santhanam, Haji Abdus Sattar Haji Ishaq Meth, Shri Rohini Kumar Chaudhuri, Shri B. P. Jhunjhunwala, Shri Mohan Lal Saksena, Shri S. K. Patil, Shri Sures Chandra Majumdar and the Mover, with instructions to report on the opening day of the next session of the Assembly, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

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

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

The Honourable Shri N. V. Gadgil: Sir, let me admit at the very outset that this is a very big and complicated Bill. At the same time I would respectfully state that it is a very urgent Bill and I would request the House to accept my motion for reference to Select Committee.

Sir, it is well known that in any scheme of industrialisation basic industries have naturally the first priority and among the basic industries power must necessarily have the highest priority. In the plan which is known as the Plan of Economic Development for India which was worked out and which was published in the year 1944 the first place has been given to the development of electricity. It is well known that the great achievement of Soviet Russia in the field of industrialisation was mainly due to the fact that Soviet Russia undertook first their big scheme of electricity development. That also is true of Canada in recent years. It is therefore only fit and proper that this country which aspires for speedy industrialisation should follow in the footsteps of these big nations as far as possible so that this country may achieve the objective for which it stands.

So far as the development of electricity is concerned I may bring to the notice of this House that as early as 1940 the National Planning Committee has stated as follows:

"We are of the opinion that in order to implement the national policy on power it is necessary to create Provincial Electricity Boards and one Central Electricity Board. The

Central Electricity Board will co-ordinate the activities of the Provincial Boards and formulate the general national policy. Wherever necessary two or more Provinces or States may form a Regional Board."

That was in 1940. Later on, in the year 1945, the Policy Committee laid down the following principle:

"That the development of electricity supply in areas outside existing licensed areas should be actively pursued, as far as possible, as a State or quasi-State enterprise; but if for any reason the State is not prepared to undertake such development in any area within a reasonable time, private enterprise should not be excluded;

That, provided efficient and economic operation could be assured to the public, options existing under any licence to acquire an undertaking should, as a general rule, be exercised when they arise;

That steps be taken to eradicate any factors that retard the healthy and economical growth of electrical development on regional lines whether in Provincial, State and Local authority-owned or in commercially-owned electrical undertakings."

The Policy Committee further laid down:

"That the necessity both in the interests of public utilities as well as of the general public of laying down financial principles for the control of electric public utilities be accepted;

That an Advisory Board not exceeding 5 persons be set up under Section 35 of the Electricity Act to advise Government on the nature, extent and method of application of such principles."

In pursuance of this policy the Electricity Supply Bill was first introduced in the year 1946 by the Honourable Dr. Ambedkar. It was circulated to elicit public opinion by an executive order, and the date by which public opinion was called for was extended to April of 1947. In the month of June 1947 a Conference was held at Simla under the chairmanship of the Honourable Mr. Bhabha and it was attended by representatives of the relevant interests. Representatives of the electric supply undertakings, individually as well as through the Federation, and representatives of the investing public were present.

Prof. Shibban Lal Saksena (U.P.: General): - Was there any representative of labour also present?

The Honourable Shri N. V. Gadgil: There was not. Representatives of consumers were also present and among them was the honourable member, Mr. Ananthasayanam Ayyangar. In that Conference which was held for nearly a week and probably for six hours a day, all questions relating to the principles on which this Bill has been based were thoroughly threshed out. As a matter of fact this Bill would have been on the statute book by this time but for certain political events that occurred between May 1947 and the present Assembly session. Under the Standing Orders the Bill lapsed as no step was taken in connection with this Bill in two consecutive sessions. Therefore it had to be introduced again. It was introduced and now a reference to the Select Committee is under discussion. Having accepted the principles and directions laid down both in the Report of the National Planning Committee of the Indian National Congress and in the Report of the Policy Committee appointed by the Government of India, I think there is not much on which people can differ fundamentally. It is an accepted fact that we are far behind in the matter of generation of electricity and its consumption in this country. The per capita consumption in India is 9.2 k.w. where as in England it is 906, in the United States of America it is 1,470, in Canada 3,510, in Norway 3,090. In other words we are far behind any other country although our resources are so plentiful. In fact a great English economist has said that India is a rich country with a poor people. I think that is a challenge both to the industrialists, to leaders, and to legislators also, that this contradiction must be resolved as early as possible and the standard of life in this country should be advanced. Today Sir, the total installed capacity is a little less than 2 million k.w. But the possibilities are so great Sir, that leaving aside thermal energy, the water power out of which electricity is possible, I am told by those whose

[Shri N. V. Gadgil]

opinions are entitled to great respect, will be anything between 35 to 40 millions, and if we develop this industry on proper lines, it will not be long before we can achieve what we want to achieve, namely the betterment of the common man. Now looking to the pattern of the present development of electricity in this country, you will be surprised to know, Sir, that half the electricity that is generated in this country is consumed by four cities, Bombay, Calcutta, Cawnpore, and Ahmedabad. We find that over half the output of the Indian electricity supply industry is absorbed in the four cities which contain less than 1½ per cent. of the population of the whole country. This may be excusable when the industry is in its infant stage, but there is no further excuse now when we are thinking of planning all round. It may be that in the infant stages when these undertakings were very anxious for not only a fair return but a considerable return, the area of operation should be limited to a town or perhaps a town and its few suburbs. But if we want to do good to the rural population, then some other methods must be thought out, some other lines of development must be fixed up, so that electric power will be available for transport, for agriculture and for domestic use; and I cannot contemplate a better conferment of benefit on the rural classes than to make electricity available to them at cheaper rates and throughout the year. That should be the desideratum which any planning authority should have before its mind. A number of factors have operated in impeding the growth of electricity in this country. Now it has been an accepted principle that in any scheme in which we want to have greater expansion of electricity, it can only be by following what is known as the Grid system. The essentials of the Grid system are firstly erection of large scale power stations located at suitable centres within a particular region and under the control of public supply undertakings; secondly, construction of main transmission systems with smaller secondary lines attached to it for tapping agricultural and other outlying areas; and lastly standardization of frequency as far as possible within the region to be developed by the power system. Now if that is to be accepted, it only means that the boundaries of provinces will have to be brushed aside so far as this question is concerned, and for such a purpose any legislation in any of the provinces will be of no avail, and perhaps of no validity. In these circumstances there is full justification and necessity for introducing a legislation of the kind which is now before the Central Legislature.

With these preliminary observations I want to explain, not in great detail, but briefly, some of the provisions of this Bill. The Bill, Sir, as you will see, is a pretty big affair. It contains nearly 80 sections and 9 schedules. Now, in the main body of the Bill, Sir, are principles relating to organization which is absolutely necessary if we are to have development of this industry on approved lines. There must be good mechanism, sound mechanism, through which the policy or policies have got to be operated. This Bill lays down that for every province there will be what is known as provincial electricity board. Then that board must have some powers. Those powers are also defined. Then there must be duties. Those duties are also defined. Then it is necessary that some provision must be made for the finances of the board itself. Those provisions are there in the Bill, and other miscellaneous provisions which find a place in every Bill and in every statute are there. The main objects of this Bill are the transfer of the direction of electricity supply development into the hands of entirely separate, specially qualified and semi-autonomous provincial bodies, as I said to be called Provincial Boards. Then, the provision of adequate powers and finance to enable these Provincial Boards first to co-ordinate and stimulate electrical development by technical method conducive to a progressive reduction in the prime cost of electricity. Secondly, to effect a form of financial control over commercially-owned undertakings whereby the investor is reasonably

assured of a fair return and the benefits arising out of limited profits are secured to the consumers in the form of low cost of electricity; to pay special attention to Districts not at present served by licensees and, wherever practicable, to prepare and put into effect schemes for affording supply in these areas.

Now, in order to achieve these objects, these Boards must be clothed with necessary powers, and that is exactly what has been done in the Bill. I may assure my esteemed friend Prof. Ranga that there is a provision in the Bill for representation of labour and agriculture.

An Honourable Member: Is there a provision for agricultural labour?

The Honourable Shri N. V. Gadgil: Provision is made for representation of agriculture, labour, commerce, industry and local bodies. I think that should satisfy every reasonable aspiration of a peasant leader as well as a labour leader. Sir, it is well-known that in this country opinion is sharply divided over the major issue of nationalization versus private enterprise. Now, what is sought in this Bill, Sir, is a sort of middle-of-the-road arrangement. I am told, Sir that this may be described as "Shanmukham Chetty's way". I do not share that view. This is not dictated by any personal consideration, I can assure my honourable friend Professor Ranga. What has determined this line of action is what is possible in the immediate future, and to do it in such a way that the ultimate object of public ownership of such public utility concerns is not prejudiced in the least. It appears today that there is only just one special angle from which the matter ought to be looked and it is whether that step is in the right direction or one in the wrong direction. After all, the speed or the tempo depends upon the strength of the public opinion in the country. Very recently, Sir, you have heard something said against control here as well as outside in organised political Parties. My friends will agree with me that if it is going to be nationalization, it cannot be nationalisation unless there is a planned economy, and there cannot be a planned economy unless there is a system of control. In the absence of control no planning is possible; planning means that at every stage—production, distribution, and even in the matter of consumption—certain principles are laid down and they have got to be complied with. But as I said, in this atmosphere where opinion is sharply divided, it is the path of wisdom that we must necessarily take the line of least resistance. This is exactly what is done in this Bill.

Referring to the Constitution of this Board, I said that it has been based on democratic principles for it will contain the representatives of the following interests: Local Bodies, Commerce and Industry, Agriculture, and Labour. Now, I think that is a matter to which no exception can be taken. Going further, Sir, about the duties and powers of this Board, the principles are as follows. The duties of the Board which will be charged by the Legislature with the specific duty of developing and promoting cheap electric supply for the benefit of agriculture, trade and industry throughout the Province, will fall mainly under the following heads:

'The rationalization of the supply of power and promotional activities. The first head will include: preparation of schemes for specific areas which should provide for designation of generating station whether existing or new which will be a selected station at which electricity shall be generated for the purposes of the Board; inter-connection by means of main transmission lines, of selected station with one another and the system of licensees; such standardization of frequency as may be essential to carry out the inter-connection men-

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tioned above; such arrangements as may be required between a Board and the owners of a generating station whether such stations are chosen as selected stations or otherwise and such other supplemental, incidental and consequential provisions as may appear expedient and necessary for the purposes of the Board.

As regards the promotional activity, the Board will be charged with the duty of promoting the all-round development of electricity within the limits of its jurisdiction and in particular, in rural and other areas not served by a licensee.

I think that is fairly wide but I am prepared to accept any constructive suggestions in the Select Committee if those suggestions bring out in a better manner, and are calculated to serve, the purpose for which this Bill is undertaken.

Now, as regards the powers, Sir, it would include: to site and erect its own power stations and main transmission lines; to designate certain commercially-owned power stations as controlled stations and to extend for such stations a purpose for which loan may be granted to the licensee to purchase, but only in stations which are technically and commercially justifiable generating stations or main transmission lines owned by licensee on terms which will provide reasonable compensation; to inter-connect any generating station; to purchase the output of any generating station and the surplus output of any owner of generating plant, to close down any generating station belonging to a licensee giving the licensee certain option including purchase by the Board or any other power to act as a licensee in an area for which a station is in existence; to borrow any sum required, upto 10 crores, subject to the consent of the Provincial Government; to lend such loans to the licensees as the Board may deem necessary; to be primarily responsible for the development of hydro-electric power throughout the Province and subject to the consent of the Provincial Government to exercise control over licenses and to exercise a major control over licensees' rate of supply of electricity irrespective of their relation to the maximum charges permitted by the license.

In carrying out these duties and exercising these powers, the Board may take over a controlled station under direct supervision and management. It may close down controlled stations. In fact, the Board may do anything it thinks is calculated to develop this industry and to further the objects for which the Board has been brought into existence.

That is so far as the organisational aspect is concerned.

Now, Sir, it will be readily conceded that electricity undertaking is in the nature of a monopolist concern. In no city two electric concerns are allowed to function. Only one is allowed to function. That being the case, the necessity of controlling its rates and of laying down certain directions and limitations S P. M. is not only valid but it is in the highest interests of the community.

If that is thoroughly appreciated, it becomes necessary, when we are planning on a very big scale, that certain principles about the Electricity Supply Finance must be clearly laid down. Some of the principles have been referred to in the various Schedules, especially Schedule VI. The other Schedules deal with assumption of control and other matters. I will only refer to one of the Schedules, namely Schedule VI, which embodies certain principles.

As I said in my preliminary remarks, Sir, an Advisory Board on the principles for the control of public utility concerns was appointed in terms of the policy

laid down by the Policy Committee. That Board has made certain recommendations. Those recommendations principally refer to four points.

- (1) What should constitute what is known as "capital base";
- (2) What should be the standard rate of profit;
- (3) What should be allowed by way of remuneration for managing agencies;
- (4) What should be the rate of depreciation?

Now, these are matters on which, as I said, difference of opinion has been expressed and I have no doubt will be expressed during the deliberations of the Select Committee and probably here. But if it is conceded that because this Electricity undertaking is in the nature of a monopoly concern, and it is therefore not only valid but necessary and in the highest interests of the community that some limit should be put on the profit-making capacity of the concern, then the details will not present any insuperable difficulty. What the Advisory Board has recommended with respect to Capital Base was discussed in the Conference which was held in the month of June 1947. Questions such as: whether preference capital should be included or not, whether working capital should be included or not and so on were, if I remember aright, were discussed when the predecessor of this Assembly was called upon last year to define what is "capital" in connection with the Business Profits Tax. But in this particular case, I have no doubt that if the central fact that this is a monopoly concern is thoroughly appreciated, there would be little opposition so far as the fundamental aspect of this question is concerned.

What is suggested by the Advisory Board in its recommendation with respect to standard rate of profit is concerned is that they should first determine what is the annual yield of the longest terminable Government security. That is the first fact to be taken into consideration in determining the standard rate of profit. After that, the recommendations suggests that if the concern's capital is below Rs. 10 lakhs, then it will be $2\frac{1}{2}$ per cent. If it is more than Rs. 10 lakhs but less than Rs. 50 lakhs a little less than that and if it is still more, a little less than that and so on. Two principles are, so to say, coalesced in arriving at what is known as "standard rate of profit". It has been laid down that every undertaking is entitled to have standard rate of profit, and in this connection the term "clear profit" has also been defined as "gross income minus allowed expenditure"—very short and perhaps very sweet from the point of view of some of us. Now, when the concern earns standard rate of profit there is no difficulty. But if it earns more or if it earns less, provision has been made to meet either contingency. If it earns more, then one-third of the more, that is to say, the surplus over and above the standard rate of profit will go to what may be called Dividend Equalisation Fund. Technically, it is known as "Tariff and Dividend Control Reserve". And out of that, one can take it, if in any particular the standard rate of profit is not earned; then one-third is to go towards the benefit of the consumers and one-third towards payment of bonus to the industry. For, it is clear that this industry has to take into consideration three factors:

- (1) To safeguard the interests of the consumer by limiting interest and dividend payable to the minimum necessary to ensure an adequate flow of development capital and so effect a reduction in the selling price of electricity.
- (2) To safeguard the interests of the investor by insistence on a properly devised system of compulsory depreciation and at the same time permit the earning of a reasonable or fair return on investment.
- (3) To regulate the commission and expenses of managing agents to reasonable limits having regard to the special circumstances of the industry.

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Now, Sir, there may be some people who would not like the provision of payment of bonus to industry having once decided that it is entitled to what is known as "standard rate of profit". There is no limit to a man's greed. I am reminded, Sir, of the story that has been told in one of the books of Tolstoy "How much land a man requires". He was asked by the King to go ahead and circumscribe the area which he wanted, and when he said that it was finished he would get that portion of land free. From sunrise to sunset he went on, and he thought "Still a little more, and a little more", until at midnight he dropped dead. He found that the land a man really wanted was 6' x 3' x 2'. Now in this modern world, I do not think that even the blue-blooded industrialist claims that there should be no limit on his profit and no taxes on his profit and there must be a complete regime of *Laisses Faire* and no State control whatsoever. That is not the attitude. At least in the expression of their views, they appear to be eminently reasonable. Let us take them at their words and try to limit their greed in objective terms through taxation. Here is an attempt, Sir.

If you cannot straightaway nationalise and eliminate the present and existing vested interests, there is another way of doing it, although it is a slower way, *viz.*, a limiting of profits, putting on controls, issuing directions both for running of the concern, for its expansion, for floating further additional capital; in other words the whole industry will be completely controlled by the State, if it cannot be owned and controlled. In the present context of circumstances, it will be, as I said, not very wise to eliminate private enterprise altogether, for we still have the experience that the majority of people look upon profit or money as the only incentive to constructive effort. And so long as the atmosphere in the community is conducive for holding such a belief and such an atmosphere continues, to go ahead with nationalization at one stroke will not achieve the object, namely, of securing better services for the community, but on the contrary, we might meet with some disaster. After all, in certain spheres, we have to accept the philosophy of the inevitability of gradualness. I know my friend, Prof. Ranga, may not like this but even in public life he must have found that when he was 20, he was not a big leader, but gradually he has emerged into leadership. If that is the experience in an individual's life, I am only generalizing that experience and probably because I am a little elder and I am actuated by no other consideration than to see that whatever we do, atleast it will give the result that we expect.

Prof. Shibban Lal Saksena: Can you go so leisurely?

The Honourable Shri N. V. Gadgil: Therefore, we must in the first instance so limit the profit or control the industry that they cannot move from one side to the other; they cannot do anything of major importance without permission of the Government, or in this particular context, without the permission of the Provincial Board.

As regards the third principle, namely, payment to Managing Agents, this is a very big question, Sir. In certain industries, the Managing Agents have earned a lot and created a lot of havoc also. I know, I will be borne out by my labour friend the Honourable Mr. Khandubhai Desai. Already under the amended Indian Company's Act, no managing agency contract can be valid for more than a period of 20 years. At that time, Sir, I quite remember, because I was fortunate enough to be a Member of this House, sanctity of contract was pleaded. It may be pleaded again, but when once the major principle that all private contracts must stand down in the interests of the Community is accepted, even here we may proceed on the recommendation made by the Advisory Board that reasonable expenses and reasonable remuneration will be allowed to the Managing Agents.

Another principle which has been recommended for acceptance by this Advisory Board is about the necessity for having depreciation fund and that, as I said, is in the interests of the investor himself. As I said, these were the points round which centred a good deal of discussion in the Simla Conference and I have no doubt if my honourable friend, Mr. Ayyangar is provoked into a speech today he will give something about these points in greater detail and I can assure you, Sir, that you can hardly find a stronger advocate of consumers' interests than Mr. Ayyangar, and I am very happy that he has agreed to be on the Select Committee. These, Sir, are the principles which govern the electricity supply finance.

To sum up, Sir, the whole object of this Bill is to secure speedy and wide expansion of this industry on the soundest and the safest possible lines. It should be the ambition of this country with all these resources that every village should have electric light and every home a radio. What revolution it will mean materially and morally also have only to be imagined to be experienced later on. I feel it to be my good fortune, Sir, that I have the honour to move this Bill and I have no doubt that this House will accept the Motion that I have made. I promise that every suggestion that may be made here or in the Select Committee will be given due consideration. There is no desire to expropriate any interests.

I have received, Sir, a number of telegrams and to all those who are unnecessarily nervous that something extraordinary, something revolutionary, something very radical, is about to come, and in fact, they expect some shock. (Well, when they deal with electricity, some shock must be there.)—I promise, as will be evident from the very moderate way in which I have put this motion, that there are really no shocks in store for them. The attempt is made only to relieve them of the unnecessary load of huge profits and opportunities of patronage not in the interests of a few, but in the interests of the whole community and in this noble task, I appear to the House to participate, Sir, I move.

Prof. Shibban Lal Saksena: Sir, I am very glad that a Bill like this has been moved, but I am bitterly disappointed at its provisions. For the last three or four days, I have been hearing the theory of mixed economy and my honourable friend, Mr. Gadgil has also said that this Bill is also based on that policy. I really wonder how our Government dare go against the accepted principle of nationalisation of all key industries. This Bill is the first great Bill which has been brought before the House for the development of the most important key industry of electricity, but here too the undertaking has not been fully nationalized. Today even in England we see important key industries are being nationalized. In India we shall have to go with much greater pace, for we have to make up much leeway to rise to a position worthy of our great country. My Honourable friend the Minister quoted the gradualness with which Prof. Ranga has risen into eminence, and he implied that the nationalisation of electricity will also be gradual. But can we afford to go so gradually in this matter? As I said this morning, we in India have emerged into a free nation after two centuries of slavery. We now want to rise to our natural position of greatness and world leadership. In the present world context, therefore, we must become the equals of Russia and America in the shortest possible time. We surely cannot be that if we go with the gradualness with which it is proposed in this Bill we should go. It has been said that the profit incentive is essential if this thing is to be accomplished. The Congress has passed solemn resolutions on many occasions that all the key industries shall be nationalised. Nationalisation means that production shall not be for profit but for use. If profit is the motive the country cannot have the development it requires, because the purchasing power of the people will be limited and only a few people will get the benefit of what will be produced. But we want to produce for the most up-to-date and powerful development of the whole

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country so that we may be in line with the other most advanced and powerful countries of the world. That is only possible if the entire needs of the country are satisfied, which can only happen when the industry is nationalised and is run not for profit but for satisfying human wants. As is well known, the difference between a nationalised industry and a private industry is this; a private industry works for profit while a nationalised industry supplies the wants of the community. India contains 80 crores of people. My honourable friend just now quoted the figures of kilowatts of electricity which every country consumes, and he told us that in our country only 2 million kilowatts are produced and 1½ per cent. of the population of the country consumes half of that total amount of electricity in the four cities of Bombay, Calcutta, Cawnpore and Ahmedabad. I have lived in Cawnpore for the last thirty years and I know that even Cawnpore needs more than twenty times the electricity that it gets now if it wants to be what it should be something like Stalingrad of Free India. If 1½ per cent. is consumed in these four cities that shows that at least a thousand times of that will be required for the whole country. Can the profit motive supply that amount of electricity? I say it cannot. I therefore suggest that according to the Resolutions adopted by the Indian National Congress, this key industry must be fully nationalised forth with. There must be no provision in it for licenses and profits and one-third profit going to the industry and all that. The railways which have been nationalised are a source of very great strength to the national Government; they can meet emergencies like the one which arose recently in the Punjab, and yet they are making profits for the nation. If we want to be a great country, greater even than Russia, we will have to nationalise this key industry of electricity which will supply power for all other industries; and I think the Honourable Minister will be well advised to revise this Bill completely and begin by nationalisation in respect of this essential key industry. I hope the whole House will implore him to do so, because if we proceed with the development of this essential key industry in this manner and provide in this very first important Bill that electricity will be a private industry and Government will only control it, then I say Good-bye to Nationalisation of key industries and in fact to all development. There is a controlled industry in our province,—the sugar industry, which was controlled in 1937. I have been on the Board of Control since 1937 and I know what controlled industry means and how many loopholes there is for illegal and abnormal profits for these mill-owners. These ten years that the Sugar Control Board has been in existence, the Government of the U.P. and Bihar have been controlling the price of sugar-cane; they have since 1943 controlled the price of sugar as well and also have been trying to see that the profits of the industry are distributed equitably between the growers, the labourers and the consumers. But what happened? The mill-owners made huge profits and out of these profits set up new sugar factories. But the sugar-cane growers never got more than five annas till 1937 and nine annas during the first Congress regime. During the last seven years of war the price paid was Re. 0-12-0 to Re. 0-14-0 which was even less than the cost price of production. When our own Government came they gave Re. 1-4-0 last year and up till now this price has not been raised, despite prolonged strikes last year. Perhaps it may be raised after the control is removed and prices shoot up. But I know that a controlled industry is not be a nationalised industry; there is much room for profit and patronage and you cannot use it for promoting national interests in the manner in which it should be used. I therefore very bitterly resent the provision in this Bill for making it a private industry. I want that in accordance with the Congress resolution all key industries must be nationalised fully and immediately. There can be no tinkering with the problem of the nationalisation of key industries; and it is absolutely wrong for a Congressman to support private enterprise in key industries.

Then, Sir, I do not feel happy over many of the provisions in the Bill. The composition of the controlling authority is provided for in clause 3. I thought there would be adequate labour representation in it, but what is the actual position? The Provincial Electricity Board will consist of not less than four and not more than seven members of whom three will be full-time and the rest part-time members. Of the three full-time members two shall be engineers and one shall be experienced in financial and accounting matters. The part-time members will represent interests like "local self-government, electricity, commerce, industry, transport, agriculture and labour". So from among these seven interests there will be a maximum of four members; it does not show that labour will be at all adequately represented. Recently there was in Cawnpore a general strike in electricity; the electric company was completely paralysed by the stoppage of work for two days, and the entire machinery of the city with its numerous mills working there was at a standstill. The workers were fighting for increase in wages and a share in the reserve fund. The Government helped them but the company was owned by British people. They have a reserve fund of about one crore of rupees. They probably wanted to wind up the whole concern and take away the entire money to England; the labourers wanted that this should not be allowed and they should have a share in it because that was their own earning. After two days when the employers did not come down, Government had to issue an Ordinance and they took very strong steps. The adjudicator decreed that the reserve fund should be frozen and only a part of it was given to the employers. Of course they are contesting it in the High Court. But these people who owned the concern made large profits and the labourers suffered, and then Government had to use its extraordinary powers to give the labourers a fair deal. Even after this Bill I think it is the labourers who will do the bulk of the work and it is the skilled workers who will do the greatest part of the work in producing electricity. I am associated with the Union there through the Provincial Trade Union Congress and I know that there are only about two thousand workers who control the whole of that concern which runs the wheels of the electricity production in Cawnpore. I therefore want that on this Board there should be a strong permanent representative of labour; at least their interests should be fully protected. I am really surprised that such a Bill should be brought forward in which there is no provision for labour getting a fair deal. I shall quote the instance of some legislation in England. In 1925 they passed the Sugar (Subsidy) Act (15 Geo. V. c. 12). In section 3 of that Act they laid down as follows:

"(1) The wages paid by any employer to persons employed by him in connection with the manufacture of sugar or molasses in respect of which a subsidy is payable under this Act shall, except where paid at a rate agreed upon by a joint industrial council representing the employer and the persons employed, not be less than would be payable if the manufacture were carried on under a contract made between the Minister and the employer containing a fair wage clause which complied with the requirements of any resolution of the House of Commons for the time being in force applicable to contracts of Government departments, and if any dispute arises as to what wages ought to be paid in accordance with this section it shall be referred by the Minister to the Industrial Court for settlement.

"(2) Where any award has been made by the Industrial Court upon a dispute referred to that Court under this section, then as from the date of the award or from such later date as the Court may direct, it shall be an implied term of the contract between every employer and worker to whom the award applies that the rate of wages to be paid under the contract, shall, until varied in accordance with the provisions of this section, be in accordance with the award."

Mr. Speaker: Will the Honourable Member state from what he is quoting?

Prof. Shibban Lal Saksena: I am quoting from the British Sugar (Subsidy) Act, 1925

Mr. Speaker: Page?

Prof. Shibban Lal Saksena: Pages 748 and 749.

The Government in England pays a subsidy to see that in war there must

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be sugar produced in the country itself and when they give public funds for Developing that industry they make provision that labour shall have fair treatment and give very elaborate details about that fair treatment in the Act itself.

I have gone through the whole of this Bill and I have found no provision which will guarantee to labour fair treatment. If we have a nationalised electrical industry, then I am sure our country will be able to put the same big projects into effect as Russia has done, as America is doing and as other countries are doing.

Shri B. Das (Orissa: General): Or may fail like the nationalized railways!

Prof. Shibban Lal Saksena: They were not nationalized. They were foreign concerns. They were exploited by the Britishers. Even now if you do not run them properly, then you must not be surprised at the results.

I therefore say that if in England their present Socialist Government is trying to socialise the key industries, I think our National Government, which probably has the biggest majority which any Government can ever have, should be able to pass this Act as an Act providing for the complete nationalisation of the electrical industry which must be rapidly developed. I sometimes think that history had presented to Lenin an unique opportunity in 1917. He seized it and created the great State of Socialist Russia which has changed the course of human history. I think a similar opportunity has again come and it is up to our leaders like Sardar Patel and Jawaharlal Nehru to seize it and to Act. They have an opportunity when they can change the whole course of human affairs by so fashioning this nation that it can be mightier than Russia or America and influence the world in the direction of peace by the emphasis of its ancient civilisation on spiritual and human values. It is time our leaders seized this opportunity, but if they do not, probably history will say that they failed. I think this Act is not conceived in the spirit in which it should have been done. I know we have to make up great leeway. We are far behind other nations. We have an army of 260,000. It is said that Russia has 40 lakh soldiers under arms, of which 20 lakhs are posted in occupied countries. I wonder how Russia can manage to keep 40 lakh of soldiers under arms even in peace time. Only their extraordinary planning and earnest effort has enabled them to do it. Our Ambassador in Russia could not get furniture because they (the Russians) have their own planned programmes to fulfil. They have no time to make tables and chairs. We can only come up in line with them if we go with the same energy and earnestness, when everyone has an assigned job to do, and when there is a comprehensive plan.

What is our condition at present? We know how yesterday Honourable Members told the House how their own Government was functioning. Corruption is rampant. Probably no Government in the world has worked under such strain as our Government did during the last year. But I also know that the world will not judge us by our difficulties but by how we conquer them. In spite of the great achievements of one year, we have still to achieve much more. There must be comprehensive planning, and according to that planning all these key industries must be nationalised. I wish our most energetic and enthusiastic Minister the Honourable Mr. Gadgil who is in charge of this Bill will see that when this Bill emerges out of the Select Committee, it embodies a plan for the complete nationalisation of the industry of electricity.

I hope that he will not trust these capitalists who he thinks will be able to give him a very effective nationalised industry for producing electricity. In fact, I sometimes feel from my association with the sugar industry for the last ten years that you cannot get any advantage by controlling any Industry unless you completely nationalise it. I therefore hope he will reconsider the whole thing and see that those provisions of the Bill which provide for licensees and private enterprise are removed.

The second thing I desire to point out is that control has been given in the Bill largely to provinces. I know provinces have got autonomy but I think planning should be a Central subject. I know that is there but I want greater initiative from the Centre. I want that the Centre should be able to plan and direct and take the initiative to push the provinces with terrific speed. Some provinces may not be so quick as they ought to be. So I want that some of the autonomy of the provinces should be either voluntarily surrendered or that the Centre should take some away so that the whole thing can be pushed through with energy.

I think there are other clauses in the Bill that need improvement but because it is going to the Select Committee, I shall not say more at this stage. But I do request that the Select Committee of the Bill should have a proper number of labour representatives on it, and the Labour Minister should make it a point to attend it?

Kazi Syed Karimuddin: (C. P. and Berar Muslim): I have heard with great patience the speech of the Minister in charge of the subject. The major part of his speech was directed to cajoling Prof. Ranga and Mr. Ananthasayanam Ayyangar who seemed to oppose the fundamentals of the Bill.

The Minister in charge has said that people should not be horrified probably because of the radical principles involved in the Bill. I am inclined to think, Sir, that the proposals made in the Bill are not radical but they are reactionary. I have spoken, Sir, about the socialization and nationalization of the key industries in my speech on the budget. The Minister in charge has assigned absolutely no reason as to why, if this key industry is nationalized there will be disaster. Merely by saying that there will be disaster he wants to terrify us. But what are those grounds? Has he stated any one of these grounds which would result in disaster if this key industry is nationalised? No. He has only said that the present atmosphere should be continued and it should be gradually changed. What is the present atmosphere? Capitalism? What is the present atmosphere—private enterprise? It should be accepted and continued. What is the reason? According to the Congress resolutions from time to time and according to the report of the Planning Committee, it is an accepted principle that all key industries should be nationalised.

Even according to the Minister in-charge, electricity is a very great and important key industry in the country, which is likely to help agricultural development. Then why is it to be controlled as a monopoly and is not being nationalised? We wanted to hear the Minister in charge explain why in spite of the spirit of the resolutions of the Congress and also of the Government he only wants to create a monopoly and not nationalise the industry. We are quite in the dark. why this particular course of action is being taken. In his speech the Minister has said that the time has come when this industry has to be controlled, because private enterprise should not reap huge profits. We have been hearing speeches on controls. We have heard speeches about the corruptibility of controls. This is one more control which is being created by the Government. Is there any guarantee that the control of this industry will be successful and would not fail as it has failed in many other departments of the Government?

An Honourable Member: He never controlled industries.

Kazi Syed Karimuddin: This industry is to be controlled by creating a monopoly and by restricting the profits.

Another thing which is very important is this. In the nationalisation of industry the standard and status of labour can be raised. As another Honourable Member of this House has remarked what is the guarantee that the status and standard of labour will be raised? What is the protection provided in the Bill? In all private enterprises labour is only at the mercy of those who run the enterprises. In the case of this key industry when we are

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going to continue private enterprise it is the duty of the Government to provide certain provisions for the uplift of labour, for the raising of the standard of living of labour, for reducing the hours of work and all other factors which go towards the welfare of labour. I object to the fundamental principles involved in the Bill.

Prof. K. T. Shah (Bihar: General): Sir, I have only a few words to say with regard to the basic idea of this Bill. While welcoming the introduction of this Bill I entirely support Mr. Saksena's observation regarding the great mistake being made in making this a semi-private enterprise and not a wholly nationalised enterprise. I stand entirely for nationalisation of the key industries for at least four reasons which I fancy the Honourable Minister would be hard put to deny. First and foremost is the policy laid down by the Congress in 1931 in its celebrated resolution which makes all key industries from the start as nationalised enterprises. In spite of his great attachment to the policy of inevitability of gradualness in this matter, he is too loyal a Congressman I take it to deny the efficacy of this policy and to depart from it wherever he can help it. The second argument is also borrowed from Mr. Gadgil himself, that it is on his own admission a monopoly. It tends to be and will be a monopolistic industry and as such, if left in private hands, it is likely to be unfair and unjust to the entire community being run for the benefit of a fraction of its population. A third argument which also seems to me to be inescapable is that if this country has any ambition to be industrialised, this is the only real source of power which we can command in abundance. We are poor in coal, we are poor in oil, in fact we have not any. And we are fairly rich in hydro-electric possibilities, a source of power which belongs as trust to generations unborn as to the present generation in India. If power-driven industry is to be established on a large scale in this country, all our industries will depend upon this industry and if this industry is left in the hands of private profit-seekers other industries will suffer in consequence. I am sure it cannot be the intention of the Honourable Minister to make other industries and the entire population of the country pay a tax or toll to the private owners of this great national key industry, which from the start ought to be a national concern. In this connection may I say that his emphasis on the inevitability of gradualness has not impressed me at all. For one thing, if we were to pin our faith to the gradual realisation of our dream, we should have taken 700 years to attain our freedom. It took 700 years from the time the Magna Carta was signed to the time when adult franchise was accepted in England. I am sure Mr. Gadgil will not have that type of gradualness to govern such great enterprises in this country. For another thing, after all one of the earliest establishments of the electricity industry in this country was not by private enterprise but by state enterprise. If I am not mistaken, the state of Mysore was the pioneer in starting this industry and that too as a state enterprise and I have yet to learn that that has failed. Whatever Mr. Das may have to say hereafter, the example that so far we have of enterprises failing are more in the hands of private people than in the hands of the public, wherever that is responsible to the country as a whole.

I was sorry to hear the Honourable Minister saying in a somewhat apologetic fashion about not alienating private enterprise. I do not know why he should feel so apologetic towards private owners of such key industries. They are not technically qualified—I mean the Directors, the Managing Agents and Proprietors. If anything they are probably less qualified, technically speaking, their charities. They are the safest investment, so far as you believe in God are qualified in another way. They are qualified in cheating labour of its due, they are qualified excellently in cheating the Government of its taxes, they are qualified even in cheating their wives and children when:

they make their wills, they are qualified in cheating God himself by means of or the other world. But so far as any contribution of technical skill, scientific knowledge or even of public spirit is concerned, I for one am unable to pin my faith to private enterprise to assist in the all-round development of this country.

There is one more point and I would have done; and that is: We are apt to run away with some fetishes. As I said I welcome the introduction of this Bill but let us not forget that after all even electrical power would be one means of industrialisation in an all round way. Unless you establish other industries at the same time, unless therefore you have a really comprehensive planned programme for the whole national development in all its aspects and in all directions. I am afraid you might find intensive development of electrical power to be a white elephant to support. Unless there is also a consumption of the power that you produce or it is properly distributed, unless therefore other industries are also developed, unless, may I say, even your agriculture is industrialised and becomes the greatest consumer of electrical energy, you will have this power on your hand, but you will not know how to dispose of it, and probably you will have a dead weight of charges accumulating with you, which will be capitalised. Or if you ever want to displace the private producer or generator of electricity, you will have in the final account settling a heavy bill to pay which is not your own at all.

Those of us who have the least knowledge of the ways and means employed in acquiring enterprises which were once held in private hands but which subsequently have been acquired would be able to tell the House that in the keeping of accounts for example—and it is really cooking of accounts—these people are such experts, and that is another item of their cleverness which I forgot to mention in my earlier remarks. Perhaps Mr. S. K. Patil will be able to throw some light on the acquisition of the B. E. S. T. company in Bombay and the final award of the arbitrator in this respect. But in this matter also unless we take from the start every precaution that account keeping, if you must leave it to private enterprise, is so rigid and so constantly under supervision that no manipulated figures can be put up, I am afraid instead of being to the good of the country this may prove an unexpected evil upon us.

Mr. B. K. Sidhwa (C. P. and Berar: General): Sir, the Honourable Minister in charge of the Bill has made an elaborate survey and explained to us the detailed provisions of the Bill. Probably he thought that he would be able to satisfy the House in convincing them that this is a measure in which the House should support him wholeheartedly. I am sorry I am not one of those who would like to congratulate him for bringing in such a measure when we do feel that this measure is the first step to the nationalisation of this key industry? May I ask him with respect whether the first step to nationalisation is the nationalisation of the key industry of electricity? It has been an admitted fact that the public utility concerns, namely transport, communications and electricity must be nationalised. That has been an accepted principle everywhere and to talk about it today as a first step when we have obtained our freedom and when we are out to do what we choose to do, is unnecessary. It is merely a first step towards the nationalisation of this big and key industry.

The Honourable Minister explained the position very briefly. He explained that electricity requires to be expanded and he compared the figures of India with those of foreign countries and rightly proved how far backward we are in this respect. In 1944 electricity was supplied in 1,950 towns. I have no figures for the increase between the year 1944 and 1947. I think it would not be more than 50 towns more. Conditions being such during the war it was impossible to import machinery and they could not have added more than that. Only 2,000 towns have today the benefit of enjoying electricity. There are 7 lakhs of villages and about 16,000 big and small towns in India. Is it not a disgrace for us to see that electricity which is a necessity has not been extended every-

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where? I should say that every village should have electricity. But this Bill is not going to expand electricity in the manner in which our Honourable Minister desires it to do. In England and other foreign countries when a new town is to be started or a city has to be expanded, the first thing a local authority does is to lay first the water pipe, drainage, electricity and transport, and after having done that they build the houses. But in India it is just the reverse. We build houses first and leave it to the others to see whether these necessities and comforts are provided or not. In fact these are not comforts but necessities. Water is a necessity and so also electricity. If anyone says that electricity is a luxury he is being in seventeenth century. Electricity is certainly a necessity. Transport is a necessity. Mr. Das asked 'what about the Railways?' The Railways certainly are running very well. After all it is a national asset. You cannot forget the fact that whatever defect there is in the present administration of the Railways it is due to extraordinary circumstances. But it is a pride of the country that the greatest transport organisation belongs to the State. It may also be argued that telephones were previously owned by private companies and that they were running efficiently but that ever since they were taken over by Government it is not so. I agree. But I take pride in the fact that the telephones are a national asset. We are not merely looking to the profits. And it may not be working efficiently due to various extraordinary circumstances. But we can on the floor of the House compel the Railways and the Telephones to work efficiently. If they are owned by private concerns how can we plead in this matter? What can we do when things go wrong? Under the bill a Board comprising of a few interests is to be established. The consumers' representation has not been provided. Representation of the consumers has been given to the local bodies and commerce. Commerce do require representation because they consume the energy for the purpose of expansion of industry. But what about the average consumer in the town or the village, or the small city? Who represents him? Is he represented by the local bodies? No. In that manner legislators also represent the people of the city. Representation of the consumer who consumes electrical energy has to be fully provided for. He is the proper person to know as to what are the defects.

The private electric concerns are prosperous. I can cite instances of companies who have given one fully paid share free to shareholders. The Companies in Ahmedabad, Poona, Karachi have given bonuses to the shareholders of the full value of the shares, free of charge. To that extent the electricity companies are making a profit to the industries. The charge for the supply of electrical energy is very high both for domestic and for industrial purposes. I have no figures with me here, but I can cite to you the costs. The object of electricity is to supply power at a very cheap price. In England it costs somewhere near 2 farthings for producing one unit of electrical energy. In India it is somewhere near half an anna. But you find that for domestic purposes the cheapest rate at which it is supplied is 1 anna six pies, plus so many other taxes levied by the Provincial Government. For industrial purposes also you cannot get supply of bulk energy and even then it is not less than an anna. How can the industry prosper under such conditions? If you want that the industry should prosper and if you want to expand the industry, do you for a minute imagine that this Bill is going to do that and do you good? The present Electricity Act requires thorough revision. I expected that the Electricity Act which is a setback upon the expansion of the industries would have been ushered in for reform for which the Honourable Minister could have taken pride. But he cannot take that pride because the Bill is of a retrograde measure. Leave aside the question of nationalisation of the big industries. Here is one public utility concern and the Government's main object should have been to see that public utility concerns are run by the state. The Calcutta Corporation has showed its intention to purchase the transport service, the

electric tramways, so as the Bombay and Madras Corporations. It is therefore very surprising that if such a measure is brought it will bring a setback upon further expansion. It will be a setback because many arguments will be advanced by the interested parties and the feeling will go round that the Central Government is not in favour of nationalisation. After all the Central Government's attitude will influence these matters. Interested parties will make people think that the Central Government does not demand nationalisation of this industry. The Provincial Governments and other people who would like nationalisation would hesitate to go ahead. I would therefore request that the sending of the Bill to the Select Committee should be postponed and that the Honourable Minister should reconsider this matter and bring in a Bill which should nationalise this key industry. I humbly appeal to the Honourable Minister and would tell him that the bringing in of such a measure will not create any impression—I do not use the word good impression—it cannot create an impression upon the country today, particularly when we, a free country, have actually committed ourselves that all these national utility concerns shall be nationalised.

[At this stage Mr. Speaker vacated the Chair which was then occupied by Shri M. Anathasayanam Ayyangar (one of the Panel of Chairmen)]

Honourable Ministers have been telling us frequently that we should be part and parcel of this Government and support them. I agree with that view, but then what shall we say to the constituency when they put us the question 'Your Government is not today nationalizing this key industry of which you have been all along proclaiming to the world'. What shall I say to that? I should like an answer from the Honourable Minister. Why should the Honourable Minister feel shy of private industrialists, I cannot understand.

4 p.m. They must compel the industrialists to feel that the time has come when they shall have to share their profit: not only that, they should take a prominent part in supporting the government in nationalising. When private owners feel that the Government itself is lukewarm over nationalising the industries and even the public utility concerns they will certainly use all their energy to continue private concerns to go on. Today, even on the Budget the capitalists and the industrialists are jubilant. They are jubilant because they view the policy of the Government beneficial to them. I do not yet know really what is the policy of the Government. The first thing the Government should do is to announce their policy and intentions to this House in this respect. I want to say with all the emphasis and seriousness at our command that there should be immediate nationalisation. We would look in the eyes of the public very small, Sir, if we today go and tell them that our Government, after having come into office, think it wise to go back upon their promises with regard to nationalisation. I am sorry to make these remarks but I am compelled to do so because I do feel intensely, seriously, sincerely, in the interests of the country, that such a measure should not have been brought before this House. If the Honourable Minister wanted some time, he could have taken his time. After all so much time has been taken. Various people have been invited to the conference. I do therefore, Sir, with all the seriousness and emphasis at my command submit that this Bill should not be sent to the Select Committee, and in view of the views expressed in this House the Honourable Minister should consider the view point not only of this House, but the commitments that have been made. They were real commitments. There is no reason why those commitments should not be fulfilled. Nothing has been said by the Honourable Minister to show why those commitments shall not be fulfilled. He should have explained to the House in his preliminary remarks that although the Congress is committed to nationalise all the key industries, it is not in a position to do so. I would have considered his point then, and it would have given an opportunity for an answer. The house may have been satisfied and the public would have had reason to agree with that voice. But he has not thrown any light on this matter. Therefore I

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do feel, he personally feels that it should be nationalised. but I do not know for what reasons he has held over his own conscientious opinion. If he has changed his opinion, he must say so. If the Congress was not right at the time and if it is not possible for any reason to proceed with nationalizing immediately, the House would be delighted to hear the reasons from the Honourable Minister. We shall then very carefully consider the objections. For these reasons I submit that this Bill should be reconsidered by the Honourable Minister.

Shri Biswanath Das (Orissa: General): Sir, I rise to congratulate the Ministry for having brought this Bill at so early a stage of their existence. Sir, my Honourable friends have found fault with the Honourable Minister in charge of the Bill for having not thought of immediate nationalization of electric power. I think they should have thought twice before making this accusation. Though India is independent today, we should look at the present atmosphere, before thinking of the nationalization of the industry all at once. Sir, thinking of the present atmosphere, I feel myself depressed. We have to consider in the first instance that our independence is a child hardly of four months old. Conditions in the country are not at all happy. We are now having an undeclared war in Kashmir, and need I say with Pakistan, our neighbour, with whom we thought we would get on peacefully and well. Sir, the depressing conditions of labour in the country are horrible. Today you do not know where you will have a strike and where not. We have nationalized telephone services, and what is the result? Only a few days back an Honourable Member representing Bombay told the House that if this be nationalization then it will endanger nationalization and depress the hearts of those who are thinking of nationalization. The Ministry has taken a very bold step in taking up river projects, big hydro-electric schemes, costing hundreds of crores of rupees. All these have been undertaken to be run by the Government themselves. That means nationalization. A Ministry that has assumed office of independent India so recently as three months back should not be worried. They must have time to plan. They must have full time and opportunity to think for themselves, to plan for the whole country and devise ways and means. I am glad that my Honourable friend has taken this interim measure. I deliberately call it interim because it is a measure between nationalization and the existing state of things. The existing state of things are very depressing. I come from a province which stands last in the matter of electrical development. Sir, we pay six annas per unit along with the attendant difficulties and inconveniences.

Shri M. S. Anay (Deccan and Madras States Group): That is the case outside your Province also.

Shri Biswanath Das: Yes. Under these circumstances, I think this interim arrangement between nationalization and the present depressing condition is very welcome. But I would appeal to the Honourable the Minister in charge of the Bill to make suitable provisions in the Bill in order to make it possible to convert these concerns into national concerns if and when he is ready to undertake nationalisation. That will be eminently satisfactory and I think that is what the country desires.

Sir, my Honourable friends have spoken about the Bill as very reactionary. I join issue with them and say that the Bill is on no account reactionary nor can it ever be a reactionary Bill conceived by the Minister who thinks as much of the country as any one of us here does. Under the circumstances, it would be unfortunate to talk of bravery and propose to teach bravery to people who have been brave all along their life and who have been proved to be brave. I appeal to my Honourable friends not to be unnecessarily hard, where there is nothing to be hard. So, I give my fullest support to the Bill with the feeling

that this is only an interim measure and that necessary provisions will be incorporated in the Bill for nationalisation of these institutions if and when we are ready to take up those institutions.

Sir, taking the question of electric power, in U.P., Madras and the Punjab, hydro-electric power is being generated and supplied by Government themselves. Thus in these areas there is complete nationalisation—the hydro-electric industry being run by Government, barring the electric power installations in cities and towns. Under these circumstances, there is nothing to find fault with the Government and there is everything to congratulate them and to support them to our full. With these words, Sir, I congratulate and join in the chorus of congratulations to be showered on the Minister; I fully believe that the House supports this measure that has been brought forward by my friend and explained so clearly and lucidly to the honourable members.

Shri T. T. Krishnamachari (Madras: General): Mr. Chairman, Sir, my provocation in interfering in this debate is to express a few of the difficulties that I encountered in trying to grasp the fundamental principles of this Bill. The Bill is not one of those which is easily understood. If I may be permitted to use the personal pronoun, Sir, I am accustomed to dealing with legislation. But this is a very complex measure. Assuredly, it has its limitations—limitations imposed on it by reason of the time when it was first initiated. I think the Honourable the Mover clearly explained that there is a history behind this Bill and that it has taken up a period of time to mature; it probably would have come before the Legislature earlier but for the uncertainties in the political situation in this country.

Sir, I feel the Select Committee is charged with a duty—a very serious duty—of streamlining the Bill so that it can suit modern ideas and modern conditions. In fact, the Department has done a lot of spade-work. The Policy Committee which functioned in 1945 had recommended certain procedure to be followed; in fact, Sir, the Policy Committee's views were not considerably at variance with those expressed by many honourable members in this House. The Resolution of the second meeting of the Policy Committee held on 2nd February 1945 says:

“That the development of electricity supply in areas outside existing licensed areas should be actively pursued, as far as possible, as a State or quasi-State enterprise; but if for any reason the State is not prepared to undertake such development in any area within a reasonable time, private enterprise should not be excluded.”

Again, Sir, that Committee recommended that there should be an Advisory Board of not exceeding five persons, which should lay down the financial principles that should govern the future policy of the Government.

Sir, you have in this Bill in Schedule VI, the financial powers that cover the entire scope of this Bill. But that will entirely be superseded by the recommendations made by the Advisory Board appointed by the Resolution of the Policy Committee and in my view that is a considerable advance on what the Bill intends to do in Schedule VI. If that is taken into account and the Bill is carefully studied, I do not see that there is much room for excitement. I am not one of those who believe in perpetuation of capitalism if it can possibly be avoided. I am myself a great protagonist in my own way, in my own sphere, of nationalisation as quickly as possible. But what exactly is nationalisation? What is the content of the nationalisation that my honourable friends want? Does it mean that the State should take over the control of these undertakings, that the State should regulate the amounts that should be paid to people who have invested in the undertakings, or do they say that the whole thing should be financed by the State?—money drawn out of vacuum for which they do not pay anything?

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Sir, let us look at the latest measure of the British Government, the Electricity Bill, which proposes nationalisation. But what are the implications of that Bill? That Bill proposes to take over the shares and securities held by private parties and in return issue Government Paper carrying more or less a similar rate of interest. Well, that is the nationalisation that is there and the private party is still there as the private party; it is the investors' money, only control has passed from the Director on to the Central Electricity Board and to the Area Electricity Board.

Prof. N. G. Ranga (Madras: General): It is an important change.

Shri T. T. Krishnamachari: It is an important change, but I will ask my friend Prof. Ranga to read this Bill and find out if there is also not an important change in this Bill. Let my honourable friend read the Bill and if he reads it and notes the constitution of the Provincial Board, he will find that the Provincial Board is not the appointee of any shareholders' gathering—it is the appointee of the Provincial Government. It takes over the power of the Department of the Provincial Government that is now doing the function. And if that means that the State is giving away to some private interest all the source of power that we have, the only source of power that we have, I am afraid it is open to question. It is really not true in relation to the actual wording of the Bill.

My friend Prof. Shah who is old enough to have been my Professor if I had the good fortune to study in the Bombay University, has said that this is the only source of power; that we have no coal, no oil. But he forgets that all the power that we generate is not hydro-electric and that some electric power has got to be generated either by coal or by oil.

That is by the way. But I would ask my honourable friends to study the provisions of the Bill. It in effect creates a Provincial organisation which is charged with the task of taking over and controlling in a very effective manner the distribution of electrical energy in the area, in which it functions. Why is it so? My Honourable friend Mr. Shibbanlal Saksena said: "Why not the Central Government do this, that and everything else?" I may tell him that there is Section 100 and Section 126 of the Government of India and the fact that Electricity has a place in the Concurrent List, Part II, those are the reasons why the Central Government could not straightaway enact a Bill which will enable them to take over control of electricity all over India. Those are the limitations under which we are labouring, and very wisely skipping through the difficulties of Section 126, the draftsmen of this Act have given us an organisation which, if properly worked, may mean nationalisation at just one stroke of the pen. It is not the first step. The next step is only a stroke of the pen.

Sir, take for instance the province of Madras where, as it happens, 95 per cent. of the generating capacity is in the control of the Government and 98 per cent. of the electricity generated is generated by Government now. Well, my honourable friend Prof. Ranga, who is not very accurately informed as far as Madras is concerned, said the Madras Electric Supply Corporation has been taken over by the Municipality—the last thing we would permit, at any rate. It has been taken over by Government and it is a huge undertaking. Actually, the licences are so worded that after a period of time Government could take over everything else and it would possibly be that in a very short time the whole question of generation and distribution of power in Madras will be in the hands of the Provincial Government. I mean, there is nothing to prevent it. It may be wise; it may be unwise—it may be the proper thing; it may be the improper thing, but that is the logical evolution of the policy

pursued by the Provincial Government. And what has my Honourable friend done to aid the Madras Government by reason of this Bill? It may be that the Madras Electric Licensee's Association says: "We are not concerned". Well, they won't be concerned, because at the present moment they have not studied the Bill, but what really happens is this. My Honourable friend has provided means by which there would be a body in Madras which would be charged solely with the purpose of developing electrical energy, solely with the purpose of providing the agriculturists with power that is needed for them, solely with the purpose of providing urban amenities in villages but for which people in urban areas won't go back to the villages, so that they can have their electric lights, they can have their cinemas, they can have their radios. All these things will be part of the work which the Provincial Electricity Board will have to undertake, with, very possibly, the present Chief Engineer of the Government of Madras as the President of the Electricity Board. I see that there is no provision at all for any of the capitalists, shareholders, interfering in any manner in the composition and working of the Control Board. The assets of the Government will now be transferred to the Board. The Government can make subventions to the Board and the Board can borrow money. As against this, the Board is entirely appointed by the Provincial Government; it may be that people who are appointed there may represent certain interests. They may be representatives of labour, of agriculture, of commerce. After all, if a Provincial Government is under your control, you can make a member represent labour or agriculture or commerce in the Board so that their interests could be looked after. So here is a perfect scheme of nationalisation of the generation of electricity and also, if it is necessary, of the control and distribution as well. The only limiting factor is that there are licencees and their duration is governed by the terms of the licence. If you want to take over the distribution yourself, you will have to pay them compensation. If proper provision is not there—I think there is already provision for compensation—you can always amend it or improve it in the Select Committee.

Mr. R. K. Sidhwa: What about inflation of capital?

Shri T. T. Krishnamachari: Where is inflation of capital? I have been a student of economics in my own way. I do not know what my Honourable friend means by "inflation of capital". I find no capital here at all. The capital is that of the Government.

Mr. R. K. Sidhwa: Capital of the private concerns that are taken up.

Shri T. T. Krishnamachari: Well, that is a matter for Mr. Sidhwa and the Government to which he belongs. Apparently now he is an orphan, he does not belong to any Government but if he does he will realise that capital will never be inflated. I can tell him, if the Chairman will allow digression for a minute,—in a scheme of nationalisation that we are pursuing in respect of certain types of ownership we are not giving any inflated capital in Madras, and if you have a Government strong enough to do that, you can do the same thing with all these people. You can give them stock and 3 per cent. That, I believe, Sir, will more or less knock at the bottom of many of the arguments of those who say that this Bill is a reactionary Bill. It is perhaps not very modern. The task of making it modern is vested in the members of the Select Committee who can copy *verbatim*, if they want, certain provisions of the latest Electricity undertaking of the British Government because there is a nucleus of nationalisation here.

Sir, one other point to which I would like to draw the attention of the House is this. Some members objected to this Bill, particularly the wording of Section 27. Section 27 defines the preparation of the scheme and Chapter III defines the powers and duties of the Provincial Electricity Boards have all to be modified, if necessary, so as to give the power to compel licencees to give it up if you find that the licencees are merely working for the sake of profit

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and are not responding. These provisions may be modified suitably and you will have enough power. Sir, that, I believe is quite enough for the time being against the charge that has been set out against the Honourable the Mover that he has brought forward a reactionary Bill.

To sum up, once again I will say there is a historical background to the Bill. The Bill has to be streamlined and it will take time, and all that is necessary can be done in the Select Committee. But in essence, this Bill provides all the preparation that is necessary for nationalisation. One of the factors I would like Honourable Members to bear in mind is that if you have an organisation of the electricity undertaking similar to what you have in Madras, it is pretty easy for you to nationalise, but I do not think that the development of electricity and electricity undertakings all over India is on a par with Madras. Probably we have reached the peak in regard to our hydro-electric schemes. The other provinces have to wake up. So if this Bill looks as though it is not particularly radical you have only to apply to it the analogy of a convoy where the slowest ship of the convoy dictates the pace at which the convoy moves. Actually, the framers of this Bill have had to take account of the financial and economic situation of the various provinces, because it is pure and simple a provincial subject and the limitations of the Government of India Act are there. They have done so to give the backward provinces time to come up on level with the more progressive ones. If necessary, they can quicken their pace. It all depends on the vigour with which the provincial representatives press forward with this matter. Sir, one other factor in this connection is this. My Honourable friends want straightway to nationalise. Well, as I said, I am perfectly in agreement with them. There is a Tamil proverb which says: "If you want to lie down, you must first sit and then lie." Even now certain things are necessary for nationalisation; you will want Electrical Engineers of a very high calibre. I can tell the House the experience in Madras. We have a very competent Chief Engineer. He is going on leave. He is in charge of two functions; he is the Chief Engineer, the Chief Administrative Officer and also the Operation Superintendent. We cannot find another person to take his job. We have had to split it into two. That is the position.

An Honourable Member: Why do not you send Mr. Sidhwa?Y

Shri T. T. Krishnamachari: We did not know that he was quite so competent at that time.

It is rather difficult to get the necessary amount of personnel. Supposing we want to borrow personnel from other countries, what happens? We had an American Engineer some time back employed by the Central Technical Board. He found that he could not do much work for the last five years and he was rusting. His knowledge of modern developments had not kept abreast with modern times. So he felt he would go back so that he will be a live Engineer whereas he was a dead one by remaining in India. His ambition did not tempt him to stay on in a country which has not progressed fast enough. I challenge Honourable Members who want to nationalize straightaway to produce half a dozen Electrical Engineers of top class who will take over this job and carry it out successfully for 5 years. What has happened? We have got a few technical men at the top and there is a gap. We have got to train the younger people and my own feeling is this: This Bill will provide us enough time. We put the responsibility on the Provincial Boards. The Provincial Boards can nationalize. No reactionary Government has stated that it should not be made a State enterprise. All it has provided is that, if it possible, it should be a nationalized concern.

I will refer again to the experience of Madras in another matter. We are trying to nationalise our transport. If they had taken private companies, then they would probably have gone in a different way. They would have got the

help of the present operators. So the question really is even if you nationalize whether you manage to use the machinery that now exists which runs these undertakings. As my Honourable friend, Mr. Sidhwa mentioned they are all merely entrepreneurs or financial promoters; some of them are very clever and we have an undertaking in the south of India run by a man called Seshasayee; he is an excellent man, but not probably a technical man and he is extremely clever at this job. He is able to spread electricity to rural areas, which probably many technical people may not be able to do and at such a cheap cost and his capital undertakings are not very heavy. There is a certain amount of talent there. We have to rope in that talent. So we want time and my own feeling is that this Bill provides the necessary amount of time.

Sir, I have no desire to go into the clauses of the Bill. As I said, I wish the House makes it very clear to the Select Committee that they go 'full steam ahead'; they have got the full power of this House to alter the Bill in whatever manner they like, so that ultimately the project will be a good one which will benefit the country as a whole and will perhaps meet that end which is near to the hearts of most of our friends who wish ultimately to nationalize the undertaking. Well, give the sanction to the Select Committee; make it a mandate; "go outside the four corners of the Bill; extend it if necessary, so that we will have a good Bill which will probably meet the wishes of Professor K. T. Shah, Mr. Sidhwa and Mr. Shibban Lal Saksena", but I do maintain, Sir, here we have a nucleus of a very proper organization for running electricity concerns in this country in a manner where the private entrepreneur will not have his own say but which can be run so that people can get electricity in a reasonable time and the agricultural areas could be developed and later on in the industries which as my Honourable friend, Professor Shah visualises, come into being, they can be extended. Sir, I support this Motion.

Shri S. K. Patil (Bombay: General): Mr. Chairman, in rising to support the reference of this Bill to the Select Committee, I find myself, Sir, somewhat in the same difficulty, if it is a difficulty, in which the Honourable the Minister found himself, because he had to present a very practical case and not a sentimental case. To talk of full-blooded nationalism Sir, in these days is not only a necessity but as it has been said, it is also a fashion. It at once becomes unpopular if you differ by an inch from the accepted thesis that immediate nationalisation is not only the goal but our immediate concern. I have been Sir, in my humble public life a very great protagonist of nationalism; and I am stating my present case not because I have resiled from that position, but I must state the case as a practical proposition.

Reference has been made, Sir, by my Honourable friend, Prof. K. T. Shah to the electric concern in Bombay about which I have something to do. It is indeed difficult, Sir, to differ from the cogent and weighty arguments advanced by my Honourable friend, Prof. K. T. Shah. As to the actual concern that he mentioned, namely, the Bombay Electric Supply and Transport. I shall come later to it. But I shall begin with the case about which there has been a lot said in this House and a lot more will be said hereafter that is the nationalization of all industries and particularly the key and the basic industries. That this particular Bill refers to an industry which is the key industry and the basic industry, there is no doubt about it. In fact it is so basic that many of our key industries and many other important industries depend upon how we conduct our electricity industry, and therefore, if there is any concern that ought to be nationalised immediately or in the immediate future, it is the electricity concern. Therefore, I do not join issue with those who want immediate nationalization of this concern. But when they talk of nationalization of a concern and sometimes talk in a manner which I do not say is light-hearted, but surely is not as practical as it ought to be, I do not understand really the content and import of that nationalization. What is after all the nationalization for? The other day when I was speaking on the Railway Budget I said that

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on this outstanding concern, namely, the Railway, much of our success of nationalization hangs. I was very serious when I made that statement. Why? Because the people understand that the nationalization is not an end or goal in itself. Ultimately the content of that nationalization must mean that millions of our poor countrymen must get the direct benefit out of it. It is not a sentiment; it is Rupees, annas and pies; so much more facility, so much more convenience; if you do not get that facility and convenience out of that nationalization and if you have got the mere sentiment that so many key industries we have nationalised, and therefore we are a great nation, surely, Sir, I do not subscribe to that view at all. And therefore in order that our scheme of nationalization should be a complete success, I want to adopt means which will definitely lead me to that nationalization. Now when I scanned the provisions of this Bill, I saw such a scheme does exist in this Bill and therefore, I say that it is paving the way to nationalization although it is not a full-fledged or full-blooded nationalization here and now. People imagine that in any country you can have nationalization, because you are an independent country. Only by enactment of laws you cannot have nationalization. That is the practical view. You have already got one party Government; you have merely to bring a Bill, pass it through all the stages; then it becomes a law and it does not matter what the ultimate results are, and you may think you have brought about nationalization. Therefore for any scheme of socialisation or nationalisation—for which I also stand—we want to create the necessary conditions in this country. Unless those conditions are created I want to go slowly, if you call it so. But I do not want to go fast and jump into a deep well without knowing the depth of that well. That is exactly the mistake that I do not want to commit and which I think the framer of this Bill has not done. Therefore I congratulate him on this. He was apologetic and said he was hastening slowly, that it was a moderate Bill, and so on. Of course, it is a moderate Bill and he is hastening slowly, but you are hastening to the desideratum or programme which is going to be the ultimate programme, namely, nationalisation of all key and basic industries in this country. It has been suggested that the process of nationalisation or socialisation is very easy, and it also comes very easily; that if you say that an industry belongs to the State, it at once belongs to the State. There are three stages according to me in this process of nationalization. I do not go into a very elaborate and technical discussion of the question, but these three stages are easily understandable. The first stage is capitalism which you and I and everybody abhor and want to end as soon as possible. Having accepted that, before you reach nationalisation which is State ownership and State control put together, there is an intermediate stage which was described by the Honourable Minister as the monopoly or the State control stage. It is also a stage that leads you to nationalisation; it is not a retrograde step. Some people went to the extent of saying that this is a reactionary Bill, a retrograde Bill, and all sorts of epithets have been used. If you really want to reach the goal of nationalisation State control or State monopoly which is a form of nationalisation should not be eschewed; and if this Bill has incorporated State control it is an immediate step towards nationalisation or socialisation. Therefore when we think of this we have got very seriously to consider—as I tell all students of socialisation and nationalisation—the trends in the world today. The international world today is recognising the value of State control. State ownership is not everything; if you control the concern itself you get advantages which even under State ownership you may not be able to get. I am not arguing, mind you, against State ownership; in time to come you will have State ownership also. But before coming to that stage if you go through the intermediate stage of State control nothing is lost and everything is gained. You learn by experience; you create all the conditions and circumstances that are necessary for launching a full-blooded programme of socialisation or nationalisation of all

key and basic industries. I may say, Sir, that in order that any scheme of nationalisation should become a success in this country certain preliminary conditions have got to be created. When I gave the instance of railways the other day my honourable friend the Minister for Railways turned me down by saying that our railways are better than other railways, that more railways are asking to be nationalised. That is the criterion that he gave as regards the success of our railways. I do not want to go into that subject once again, but if we are to judge the success of nationalisation by what our railways and our telephones are doing, at least in the last two or three years after the war, I would say, "Woe be to all our chances of nationalisation in this country!" I repeat that argument *ad nauseam* not because I join issue with the Honourable Member; I know he is as keen as anybody else on the subject of nationalization of all our key and basic industries. But if the nationalisation of railways means that every year the Railway Minister has to come and say that he is increasing the First, Second, Intermediate and Third class fares and adding this charge and that charge and after five or six years more amenities and facilities will be established, then how can any one have patience about this nationalization? If anything good is to be realised after a process extending over so many years that, according to me, is not the success of nationalisation. I do understand the difficulties that are implicit in the situation; I do understand the obstacles that Honourable Ministers have to face. When we make this plea of nationalisation and socialisation it is not to criticise the actions of honourable members. And on this occasion I should like to tell our popular Ministers that they should not be so very thin-skinned, and imagine that every criticism means distrust. They must not forget that they used the same arguments against other Ministers; and now that fortunately they are there they should realise that when these arguments are advanced it is not to criticise them. If we were in their places, possibly we might do worse; I know they are doing it much better. But when we make criticism, it is to state the case—the practical case—and they should understand that the practical suggestions which in all sincerity are advanced are meant to help and not to retard progress. Can we call the administration of railways and telephones a success? You know what has happened in telephones. I am connected with the telephone system; I am a member of the advisory telephone committee of my city. I have to deal with this subject every day, and what do I find? It is the same experience everywhere. It is said that we must nationalise no matter what the results may be; without the technical skill and without many other essential requirements we are satisfied if all the telephones in the country belong to the State. And when they belong to the State I am happy because I think that I have nationalized the telephone industry. But that is not the right way of looking at this question. Apart from sentiment, money and everything else, the actual facilities and convenience which add so much to comfort and happiness of people are according to me, the real essence of nationalisation. If that essence is not to be achieved I do not understand this superficial talk about our being very happy under nationalisation. What is true of telephones is true of railways and every other nationalised industry.

The question was raised as regards Bombay Electric Supply with which I am concerned both as leader of a very numerous party in the Bombay Municipal Corporation and as one who has something to do with the Transport Company also. It is one of the largest electric concerns in the country. Possibly, honourable members may not be knowing that we are not generators of electricity but we are only distributors. We have to take electricity from somewhere else. If half the country's electricity is consumed in those four cities which were mentioned by the Honourable Minister, I must say that greater portion of it is consumed in the city of Bombay. There were people who used to come and say that as soon as you take over the concern a miracle was going to happen, because it is a key industry. It has got to be municipalised, socialised,

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nationalised.—call it what you like. We did not wait for the intermediate or the second stage of the State control. Possibly for some years it would have been a better alternative but we walked straight into full-fledged municipalisation. My Honourable friend, Prof. K. T. Shah mentioned how the private companies cooked their accounts and so on. I agree that it is so, and we have to guard against that. I do not say much about it because it is before the arbitrators and the case is *sub-judice*; so we must not go into details of that case. But that consideration apart, when I tell you that after we have taken this nationalised industry of electricity in Bombay, you will perhaps not believe that our difficulties have been multiplied ten times today. For the last fifty years—or whatever the number of years may be—that concern was giving huge dividends of 14 or 15 per cent. If that company was so good as to give 14 or 15 per cent. dividend year after year, we all thought that when it was municipalised, we would be able to make a still greater success of it. It was municipalised and I am only hoping that it should not be my misfortune to say, when I have occasion to speak next year in this House, that not only we have not given any dividends but we have made losses; not because we have done anything wrong in nationalising that concern, but the conditions which were necessary for launching that scheme of nationalisation had not been created. And it is your duty and my duty to set ourselves to the task of creating conditions in which nationalisation becomes an easy task. It must become easy. It is not in a spirit of carping criticism that I am saying this. The truth is that though it is our duty we have not done it and those conditions have not been created. The moment a concern is nationalised our workers, who are really the backbone of any concern, also think that they are independent just as India is now independent. Therefore they may not work: of course they must have higher wages. We have all sympathies for their demand. But along with larger wages if there was responsibility on their part of adding to the production of the country and do many other things besides by which our national undertakings become a success, at the end of it we shall have rendered an excellent account of ourselves and we could tell the whole country "Here is a primary concern of outstanding importance: we have made it a success after nationalisation. So you also proceed in your own province with nationalising similar concerns." At the present moment I have not that optimism that we shall be able to do that. Why? Because there is no national discipline. There are not the conditions that are necessary in order that every national concern becomes a success. We have not yet trained people in their responsibility towards nationalisation. If I summarise, according to me, there are certain conditions which are necessary before any scheme of nationalisation or socialisation of the basic or key industries is undertaken. They are practically basic conditions, the nonfulfilment of which will result in the failure of any scheme of nationalisation that you may take in hand. The first and primary condition is that our citizenship must be responsible. Responsibility of citizenship is the most important thing. We must understand what ultimately is our duty. Just now you find strikes and strikes everywhere and consequent indiscipline. I am not against strikes. I am not advancing the arguments of a capitalist. A sword is a weapon and a knife also is a weapon. But we must distinguish when a sword is to be used and when a knife is to be used. You should not strike for everything. So responsible citizenship is the first *sine qua non* of any scheme of nationalisation or socialisation of a key or basic industry.

The second requisite is national discipline. We have no national discipline amongst us. We talk of big things but what can a nation do without national discipline? We simply utter slogans "This must be nationalised and that must be nationalised." I warn this House that all the schemes of nationalisation will prove utter failures if we have not really imbibed in us that national

discipline which is necessary for the success of nationalisation of our key industries.

Along with national discipline there should be national character. I do not really challenge that we have no national character. We are an infant or young nation or a nation just reborn. We have yet to build our national character. We have not got that at present. How many times are examples of corruption quoted in this House, and it is alleged that even Congressmen indulge in it. All that goes to show that we have not really yet formed the requisite national character which is necessary for the success of any national scheme in India.

Reference was made and rightly so by the speaker who preceded me that we must also cultivate high technical skill. You talk of nationalisation of electricity. How many engineers have you got who are experts in schemes of electricity? Mr. Sidhwa or some other member said that it was a shame that we had no engineers. It is a shame that ought to be shared by all of us. May I tell the honourable member that much as I was criticised in appointing an Englishman to continue as General Manager of our electric concern, howsoever I tried to find out, even a second rate or a third rate Indian to step immediately into his shoes and take the responsibility of that concern, because we wanted that concern to be Indianised, I really confess my shame that I could not find one. We are not responsible for it. We were kept in a condition where this shame became inevitable. We had to continue an Englishman in the job. If I want half a dozen engineers in order that the scheme should be a success where can we get them immediately? Does any honourable member suggest that in order to make a success of nationalisation the technical experts required should be imported from England, America or Russia? That is not according to me full-blooded nationalisation. But we have to surmount those difficulties. We have got to train the personnel. Unless we have got the competent technical personnel both in quantity and quality it will not be possible to make a success of any scheme of nationalisation. Mere talk of nationalisation does not carry us anywhere nearer to nationalisation.

And last but not least, we must have a well trained sense of patriotism, which in the last analysis must get better of self-interest. But what do you see today. There is the self-interest of the capitalist and there is the self-interest also of the poor man who calls himself a labourer or worker. Whenever there is an emergency and you find that there is a strike and both sides are at a tug of war, there is no patriotism anywhere in evidence. From the capitalist we cannot expect it. But when we come to our ownseives what do we find My honourable friend Mr. Shibban Lal Saksena who is a supporter of nationalisation has got abundant experience of labour himself. If he goes and tells workers "You go on strike" he becomes their leader. But if he goes and tells them "Do not go on strike, it might react on our nation, we must build up the national wealth of the country", I am afraid he would not be heard. That is my experience. I happen to be the President of the largest labour organisation in the city of Bombay. If I tell them "You go on strike and I shall be your leader" every worker will be behind me, because I am leading them to strike. As it is the strike seems to be the be all and end all for which a worker exists. If I tell them "Of course you have the right to strike but please wait. Our country is poor, our production has to be advanced; we have got to discipline ourselves. We should go a little slowly." Immediately he will discard me and have somebody else who would help him in the step which he has already decided upon. This has become the leadership of labour in the country. So this is also a condition precedent to nationalisation, that your sense of national responsibility ought to be so great that in the last analysis—whether your country is going to gain or lose by that—you must rise superior to your self-interests. Here is the country's interest and I shall protect the country's

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interest even at the cost of my own interest. If that is the view that is really shared mutually by both capital and labour, by the industrialist and the man behind the wheel, then alone there is salvation or the success of nationalisation. Therefore, I would humbly appeal to those people who are the supporters of nationalisation and socialisation of the key and basic industries—and I am second to none in my desire for nationalisation—to be cautious in the national interest and accept for a while the immediate step of state control which in effect, means that 90 per cent. of capitalism and all other vested interests are trampled under the feet. It is not state control alone but also state-ownership that will have to be added to it in time to come. With the success of State control we shall have state-ownership also, thereby finalising the scheme of nationalisation or socialisation. If the Bill of the Honourable Minister is judged in that view, surely I should say that it is a step in the progressive and right direction and therefore I strongly recommend its reference to the Select Committee.

The Assembly then adjourned till Eleven of the Clock on Monday, the 8th December, 1947.
