

Tuesday,  
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THE  
CONSTITUENT ASSEMBLY OF INDIA  
(LEGISLATIVE) DEBATES

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CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)  
1948



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# CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

Tuesday, 30th March, 1948

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

## STARRED QUESTIONS AND ANSWERS

### (a) ORAL ANSWERS

#### ABSORPTION OF REFUGEES BY PROVINCIAL GOVERNMENTS AND PUNJABI AND SINDHI REFUGEES IN BOMBAY

1025. \*Mr. R. K. Sidhva: (a) Will the Honourable Minister of Relief and Rehabilitation be pleased to refer to the answer given to part (b) of my S. Q. No. 459 asked on 25th February, 1948 regarding the absorption of refugees by the various Provincial Governments and state what is the population of Sindhi and Punjabi refugees in Bombay?

(b) How many refugees have been absorbed by the Government of Bombay in pursuance of the instructions received from the Government of India?

The Honourable Shri K. C. Neogy: (a) About 3½ lakhs.

(b) About 500.

Mr. R. K. Sidhva: May I know, in reference to answer to part (b), whether these 500 people who have been employed are refugees from Punjab and Sind?

The Honourable Shri K. C. Neogy: Yes.

Mr. R. K. Sidhva: How many from Punjab and how many from Sind?

The Honourable Shri K. C. Neogy: The figures have not been supplied to me separately, nor have they been asked for separately.

Mr. R. K. Sidhva: Is it not a fact that in reply to my question on the 25th, a list was placed on the table which indicates that the Province of Bombay did not employ any from Punjab or Sind?

The Honourable Shri K. C. Neogy: That may not relate to a period which is covered by my answer.

Mr. R. K. Sidhva: May I know whether they have been engaged after this question was answered?

The Honourable Shri K. C. Neogy: I do not think so. As a matter of fact, the information that the Government of Bombay supplied is to the effect that they have issued orders waiving domicile and other requirements for appointment to Government service in the case of refugees. They are also issuing orders to enable the recruitment of refugees to be made up to 25 per cent. of the total number of vacancies.

Mr. R. K. Sidhva: The statement which was placed on the table states as follows:

Number of refugees employed by Provincial Governments—

Madras Province, 8

Delhi Province, 2149.

Central Provinces, 810.

West Bengal, 2.

United Provinces, 214

Ajmer-Merwara, 75

East Punjab, 13590

May I know why Bombay is excluded from this list?

**The Honourable Shri K. C. Neogy:** Because at that time Bombay did not report as having employed any one.

**Dr. P. S. Deshmukh:** Is the Honourable Minister aware that the ex-employees of the Karachi Port Trust have come to Bombay?

**The Honourable Shri K. C. Neogy:** Yes.

**Dr. P. S. Deshmukh:** Are any arrangements being made for them?

**The Honourable Shri K. C. Neogy:** In what manner?

**Dr. P. S. Deshmukh:** In the manner of employment as well as looking after their comforts and their stay.

**The Honourable Shri K. C. Neogy:** I am sure all possible efforts are being made.

**Shri Ramnarayan Singh:** How many refugees have hitherto been permanently rehabilitated?

**The Honourable Shri K. C. Neogy:** This is a very wide question and I am not expected to answer it with reference to the original question under reply.

**Shri Ramnarayan Singh:** I do not want the exact number. Approximate number will do.

**The Honourable Shri K. C. Neogy:** I have to obtain information from all over India, and I should not like to depend upon my memory for the purpose of giving even an approximate figure.

**Prof. N. G. Ranga:** Have the Government of India asked the Provincial Governments to send them periodical reports in regard to the housing conditions of these people and to what extent and how many of them have come to be given houses, either specially built ones or in other places?

**The Honourable Shri K. C. Neogy:** We are always in touch with the Provincial Governments about the progress in this matter.

**Dr. P. S. Deshmukh:** Would the Honourable Minister be pleased to look into the cases of these ex-employees of the Karachi Port Trust if I convince him that nothing has been done for them?

**The Honourable Shri K. C. Neogy:** I should like to have notice of that question. I have gone into the matter, but I do not just now recollect anything as regards the steps that may have actually been taken.

**Shri V. C. Kesava Rao:** I want to know the number of refugees employed by the Madras Government.

**The Honourable Shri K. C. Neogy:** The question specifically related to Bombay. I have not got the figures for Madras.

**Mr. R. K. Sidhva:** Is it not a fact that the Government have stated that the Karachi Port Trust employees, because they form part of the local bodies, therefore they will have no place in the Government service?

**The Honourable Shri K. C. Neogy:** If that statement has been made, I should like to check that up. However, I think it correctly represents the position, because the Port Trust employees are employees of a local body.

**Shri Ramnarayan Singh:** Is it in the contemplation of the Government to construct sufficient number of new houses and buildings here at Delhi as soon as possible without cement and steel.



**The Honourable Shri K. C. Neogy:** I am afraid we are dealing with Bombay, and with reference to a strictly limited issue.

**Dr. P. S. Deshmukh:** Is it a fact that these ex-employees of the Karachi Port Trust were asked to choose whether they wished to stay in Pakistan or come back here, and is it not a fact that they were intended to be treated on the same basis as other Government servants?

**The Honourable Shri K. C. Neogy:** I am afraid I am not in a position to make a statement on that point.

#### QUOTA OF CARS AND IMPORT LICENCES FOR 1948-49.

†1026. **\*Shri H. V. Kamath:** Will the Honourable Minister of Commerce be pleased to state:

(a) the total value of the import quota of motor cars sanctioned by the Government of India for the year 1948-49;

(b) the names of applicant firms or agents who applied for licences to import motor cars during the aforesaid year; and

(c) the names of applicant firms or agents to whom import licences have been granted and the total value of the quota allotted to each?

**The Honourable Mr. C. H. Bhabha:** (a) Monetary ceilings for the issue of import licences are fixed for half-yearly periods; accordingly ceilings have so far been fixed for licensing of motor car imports only during January—June, 1948. I am afraid it will not be in the interest of trade to disclose the exact figure of the ceiling.

(b) and (c). The attention of Honourable Member is invited to my answer on the 22<sup>nd</sup> March, 1948 to part (g) of the starred question No. 916 by Shri Jaspal Roy Kapoor.

#### HOISTING OF INDIAN UNION FLAG ON INDIA'S HIGH COMMISSIONER'S OFFICE IN PAKISTAN

†1027. **\*Shri H. V. Kamath:** Will the Honourable the Prime Minister be pleased to state:

(a) whether the flag of the Indian Union is daily hoisted over the office of the High Commissioner for India (in Pakistan) in Karachi;

(b) whether it is a fact that during the disturbances in Karachi in January last, the flag was lowered;

(c) if the answer to part (b) above be in the affirmative, why it was lowered and under whose orders; and

(d) when the flag was re-hoisted on the office of our High Commissioner in Pakistan?

**The Honourable Pandit Jawaharlal Nehru:** (a) The flag of the Indian Union is daily hoisted over the Office of the High Commissioner for India and according to the prevailing practice is lowered each evening.

(b), (c) and (d). There was considerable confusion in Karachi after the riots on 6th January and large crowds of refugees were continually coming to the High Commissioner's Office. The office staff was somewhat overwhelmed by this influx of people who required constant attention. The High Commissioner spent much of his time in touring the affected areas in the city. In these circumstances by an oversight the flag was not hoisted on the morning of the 7th and 8th. No orders to this effect were issued. The flag was rehoisted on the morning of the 9th January.

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

## SHORTAGE OF DIESEL OIL IN INDIA.

1028. \***Shri Deshbandhu Gupta:** (a) Will the Honourable Minister of Works, Mines and Power be pleased to state whether the attention of Government has been drawn to the News item regarding shortage of diesel Oil, published in the *Hindustan Times* dated the 19th February 1948?

(b) If so, what are the reasons for such a shortage?

(c) How many oil producing concerns in India have been stopped?

(d) What are the percentages of oil imports from various countries into India?

(e) What steps do Government propose to take to get proper supplies of diesel oil for the use of various concerns in India?

(f) Is it a fact that the United States of America has cut down India's supply of petrol by 50 per cent.?

**Shri Satyanarayan Sinha:** (a) Yes.

(b) The reasons are world-wide scarcity of Petroleum Products and insufficient number of tankers to carry whatever supplies are available.

(c) None to my knowledge.

(d) The percentages of Oil imports from various countries into India during 1947 were:

Iran, 85.8 per cent.

Bahrein, 8.2 per cent.

U.S.A., 5.0 per cent.

Singapore, 1.0 per cent.

(e) In order to secure increased allocations of Oil for this country, Government have already taken steps to approach the overseas suppliers of Oil and also those in authority who control the distribution of oil to various countries.

(f) No.

**Shri Deshbandhu Gupta:** May I know, with reference to the reply given to part (f), what is the cut that the United States have effected in the supply of petrol to India?

**Shri Satyanarayan Sinha:** I want notice.

**Shri Deshbandhu Gupta:** May I know whether there has been any cut at all and if so, whether there has been any political reason behind it?

**Shri Satyanarayan Sinha:** No political reason, but because of the increased world demand for petroleum products the non-producing countries have had to go under restrictions.

## GROWING PRACTICE OF JOINT STOCK COMPANIES IN ISSUING BONUS SHARES.

1029. \* { **Shri T. T. Krishnamachari:** Will the Honourable Minister of Commerce  
**Shri K. Santhanam:**

be pleased to state:

(a) whether the attention of Government has been drawn to the growing practice of Joint Stock Companies issuing Bonus shares;

(b) whether, Government, in the course of their administration of the Indian Companies Act, have kept a record of the various issues of such shares;

(c) whether Government are in a position to give the total value of such shares issued every year from 1944 onwards; and

(d) whether Government have examined the question of discouraging this practice by suitably amending the provisions of the Indian Companies Act?

**The Honourable Mr. C. H. Bhabha:** (a) I am doubtful if the practice is really so general.

(b) No; but the information is required to be furnished in returns of allotments of shares submitted to the Registrars of Joint Stock Companies under the Indian Companies Act, 1913.

(c) The information is not readily available, but can be collected from the various Registrars. Government do not however consider that the time and labour involved are commensurate with the results to be achieved.

(d) No, Sir.

**Shri T. T. Krishnamachari:** May I ask the Honourable Minister in view of the fact that he is himself doubtful whether he does not think it desirable to collect this information in order to impress the public generally?

**The Honourable Mr. C. H. Bhabha:** Well, for the Department's guidance information is being collected from the Registrars.

**Prof. N. G. Ranga:** Is it not a fact that Government generally publish either annually or biennially reports of the state of conditions in regard to the Joint Stock Companies in this country?

**The Honourable Mr. C. H. Bhabha:** The Commerce Ministry does not publish those reports but the Registrars publish them.

**Prof. N. G. Ranga:** But is it not a fact that some years back, there used to be an all-India Report being published?

**The Honourable Mr. C. H. Bhabha:** I am not aware of that.

**Pandit Lakshmi Kanta Maitra:** Is there no General Statistical Section attached to the Commerce Ministry which collects this information?

**The Honourable Mr. C. H. Bhabha:** As I said, there is a Statistical Section attached to the Commerce Ministry where these figures are being collected, but they are available from the various Registrars of the Joint Stock Companies in the various parts of the country from whom these returns are received every six months.

**Shri T. T. Krishnamachari:** May I ask the Honourable the Commerce Minister if he realizes that if the reserve funds of these companies are being diverted into bonus shares and to that extent the stability of these concerns is at stake, is it not the responsibility of the Government to enquire into this matter more carefully?

**The Honourable Mr. C. H. Bhabha:** I do not agree with the Honourable Member's suggestion. The reserve fund is built up from the shareholders' profit and it rightly belongs to them, Sir.

**Shri Deshbandhu Gupta:** May I ask the Honourable the Commerce Minister whether it is a fact that all publications of the Commerce Department are behind time.

**Mr. Speaker:** Order, order. The question need not be answered.

#### GEOLOGICAL SURVEY OF ORISSA.

1030. **\*Shri Biswanath Das:** Will the Honourable Minister of Works, Mines and Power be pleased to state:

(a) whether it is a fact that the Geological Survey of Orissa was sanctioned and undertaken by the Government of India in the year 1939 on a specified programme;

(b) why the same was given up; and

(c) whether Government propose to consider the need of again undertaking the work started in 1939?

**Shri Satyanarayan Sinha:** (a) Yes; a geological survey of Orissa to be completed in 7 years was sanctioned. A †Statement showing the work done during the field seasons 1939-40 to 1946-47 and that proposed to be carried out in 1947-48 is laid on the table.

(b) and (c). Due to the War the regular survey could not be proceeded with as originally planned, as attention had to be directed mainly to the search for minerals of economic importance, with reference to the War effort. But systematic Geological Survey of Orissa has again been taken up since the field season 1946-47, in pursuance of the 5-year plan of the Geological Survey, a copy of which is placed on the table.

**Shri Biswanath Das:** May I know, Sir, whether the Geological survey of Orissa Province includes also the Orissa States?

**Shri Satyanarayan Sinha:** I want notice.

**GOVERNMENT CONTROLLED REFUGEE CAMPS AND CAMPS FOR REFUGEES  
FROM HYDERABAD STATE.**

1031. \***Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Relief and Rehabilitation be pleased to state the total number of refugee camps run by the Government of India and directly controlled by the Ministry of Food?

(b) Is there any proposal by the Government to start refugee camps in the border districts of Hyderabad, for feeding and giving facilities to those refugees coming from the Hyderabad State?

(c) If the answer to part (b) above be in the negative, do Government propose to consider the question of opening such camps in those districts?

**The Honourable Shri K. C. Neogy:** (a) The number of refugee camps run by the Government of India is 33. They are directly controlled by the Ministry of Relief and Rehabilitation.

(b) No.

(c) No.

**Shri V. C. Kesava Rao:** May I know, Sir, whether the refugees coming out from Hyderabad are permitted to come here?

**The Honourable Shri K. C. Neogy:** I have no information.

**Prof. N. G. Ranga:** Have Government put any sort of time limit, even provisional, for their own guidance, for which these refugee camps are to be run and till that time these poor refugees have got to be huddled up in these refugee camps instead of being absorbed in the normal life of the country?

**The Honourable Shri K. C. Neogy:** No definite time limit is possible to be thought of at present.

**Shri V. C. Kesava Rao:** May I ask if Government is aware that the refugees are coming from Hyderabad?

**The Honourable Shri K. C. Neogy:** From newspaper reports, I think that is the position.

**Shri Biswanath Das:** The Honourable Minister in charge of the Department just now stated that he does not know anything about the refugees from Hyderabad. May I know the reasons for this ignorance?

**The Honourable Shri K. C. Neogy:** Well; so far as the Ministry for which I am responsible is concerned, we are dealing with refugees from Pakistan.

**Shri Biswanath Das:** May I know whether a separate Ministry is necessary for this purpose?

†Not printed in the day's Debate. A copy has been placed in the Library of the House.—Ed. of D.

**Mr. Speaker:** Order, order. That is an argument.

**Shri Deshbandhu Gupta:** May I ask whether the Governments of Madras and C. P. have made no references to the Government on that subject?

**The Honourable Shri K. O. Neogy:** Not to my knowledge.

**Dr. P. S. Deshmukh:** Does Government consider it very creditable to know less than the press?

**Mr. Speaker:** Order, order.

**Shri B. N. Munavalli:** Is it the policy of Government not to render any aid to the refugees that are coming from the Hyderabad State?

**The Honourable Shri K. O. Neogy:** As I have already said, this question does not concern the Ministry of which I am in charge. The question could be dealt with by the Government of India on a reference from the provincial Government concerned.

**Shri Deshbandhu Gupta:** May I request the Honourable the Prime Minister to throw some light on the subject to say whether it is or it is not a fact that the Provinces of Madras and C. P. have made representations to the Government of India to make some arrangements for the refugees who have been coming from the State of Hyderabad?

**The Honourable Pandit Jawaharlal Nehru:** I do not think that this is a very well-known fact; some odd mention might be made, but no particular emphasis has been laid so far as I know.

**Shri M. Ananthasayanam Ayyangar:** Is the Government aware, Sir, that there are non-official agencies doing relief work for the refugees from Hyderabad who are flying in large numbers at Bezwada?

**The Honourable Pandit Jawaharlal Nehru:** Yes; I suppose so.

**Prof. N. G. Ranga:** Is it not the duty of the Government to watch the cases of all refugees from wherever they might have come, and is it not the duty of the Government to watch the cases of refugees who flew from Hyderabad and afford due facilities for them?

**Mr. Speaker:** Order, order. It is either an opinion or a suggestion.

**Prof. N. G. Ranga:** May I know how is it, Sir, that the Central Government has not taken any steps nor enquired into this matter and taken the relief measures themselves in their own hands?

**The Honourable Pandit Jawaharlal Nehru:** I do not understand this question, Sir. 'Government' is not the Central Government only; it is also the Provincial Governments. On the one hand there is a great deal rightly said about Provincial Autonomy, but whenever a question of relief comes, it is said that it is the job only of the Central Government and not of the Provincial Government. I do not appreciate that point at all.

**Pandit Balkrishna Sharma:** May I know if the Central Government have kept a watch through the Governments of these Provinces, Central Provinces and Madras regarding the influx of refugees in their respective territories?

**The Honourable Pandit Jawaharlal Nehru:** We are in continuous touch. As a matter of fact, my own impression is that after the first influx there was a slight flow back. Again there was an influx, they come and go, but considering the huge emigration that we have seen, it is very small.

**Mr. Speaker:** Order, order. I am afraid the Honourable Members are arguing the point.

**Prof. N. G. Ranga:** Has the Government of India, Sir, taken any care to see that the Provincial Governments as well as themselves do take some steps in order to relieve the distress of these refugees who are coming away from Hyderabad? They have not taken any steps till now.

**The Honourable Pandit Jawaharlal Nehru:** The Government of India deals with these problems through the Provincial Governments; we are in constant touch with them. When the Provincial Governments ask us for help, we try to give to the best of our capacity.

**Prof. N. G. Ranga:** Is it not a fact, Sir, that the Andhra Provincial Congress Committee has particularly drawn the attention of the Central Government to the seriousness of this problem and to the need for giving relief to these people?

**Mr. Speaker:** Order, order.

REFUSAL OF CORRESPONDING POSTS TO OFFICIALS OF GOVERNMENT PRINTING PRESS, SIND

1032. **\*Mr. E. K. Sidhva:** (a) Will the Honourable Minister of Works, Mines and Power be pleased to state whether it is a fact that Sind Government officials who were compelled to leave Sind, were accorded by the Government of India the same concessions as officials from West Punjab for appointments in equivalent posts in India?

(b) Have there been any instances where officials of the Government Printing Press of Sind, who had applied for posts in the Government of India Printing Press, were refused corresponding posts? If so, why?

**Shri Satyanarayan Sinha:** (a) Excepting the case of I.S.E. officers who exercise their option in favour of India, Sind Government officials as well as those from Baluchistan and N.-W.F.P. have been accorded priority of employment over West Punjab officers under the rules laid down by the Ministry of Home Affairs (Transfer Bureau). A copy of these rules is laid on the table.

(b) Two officers who were lately Superintendent and Assistant Superintendent of the Printing and Stationery Department of the Government of Sind applied for posts in the Government of India Presses. The former has already been appointed as an Assistant Manager and the latter will be appointed as an Overseer. These officers could not be offered higher posts on administrative grounds.

Copy of office Memo. No. 7C/47-Ests(R), dated 27th December 1947 from the Ministry of Home Affairs to all Ministries of the Government of India.

SUBJECT:—*Resettlement of refugees from Pakistan.*

The undersigned is directed to refer to this Ministry's Office Memo. No. 70/8/47-Ests(R), dated the 14th September 1947 and to say that the question of the priority to be given to various categories of persons for employment in the Central Services has been further examined and the following decisions have been reached:—

(1) Employees of the Central Government who were serving in Pakistan Areas and have opted for India and cannot be absorbed within the Department in which they were originally employed and employees of the Central Government whose appointments were abolished consequent on the constitutional changes, e.g., employees of the office of the Governor-General's Secretariat and the Political Department including the Residencies, will have the first claim on vacancies available in the Central Services. Such persons are registered by the Transfer Bureau in the Ministry of Home Affairs and nominated against vacancies reported to the Bureau by the various Ministries.

(2) After nominating persons belonging to category (1) the Transfer Bureau will nominate employees of the Provincial Governments of the North-West Frontier Province, Baluchistan and Sind, who are also registered in the Bureau.

(3) Where the Transfer Bureau is not able to nominate or recommend candidates of either of these categories, the vacancies should be reported to the nearest Employment Exchange, in accordance with the instructions contained in the Home Department Office Memorandum No. 70/69/45-Ests(R), dated the 24th November 1945. Refugees other than Government servants who have come over to the Dominion of India from Pakistan are also eligible for registration at the Employment Exchanges and in recommending candidates for employment, the Employment Exchange will give preference to refugees from Pakistan.

including employees of Indian States in the geographical limits of Pakistan who are refugees in India. Whenever the Transfer Bureau is unable to nominate suitable candidates and agrees to recruitment being made otherwise than through its agency it will notify the Director-General Resettlement and Employment of the fact so that he may satisfy himself that the vacancies are duly reported to the Employment Exchanges and candidates recommended by the Employment Exchanges are considered for the appointment.

(4) The responsibility to resettle employees of the Government of Bengal, Punjab and Assam who on partition opted for service with West Bengal, East Punjab and Assam respectively and are surplus to the needs of these Governments is primarily that of the Governments of West Bengal, East Punjab and Assam. It is unlikely that the Central Government will be able to absorb any surplus staff of this category except to a limited extent in the case of technical personnel. The provincial Governments concerned are being asked to forward details of qualifications, record of service, etc., of such technical personnel so that the Ministries here may be notified and their prospect of being absorbed by the Central Government examined.

(5) The above preferences will not apply to recruitment made on the result of competitive examination or by selection by interview by the Federal Public Service Commission. The Federal Public Service Commission is being asked in cases of selections by interview where the candidates are of equal merit, to give reference in the order set in paragraph 1.

**Mr. R. K. Sidhva:** May I know who is the 'latter'?

**Shri Satyanarayan Sinha:** He is the Assistant Superintendent of the Printing and Stationery Department in Sind Government.

**Mr. R. K. Sidhva:** May I know if even the Superintendent of the Government Press in Sind could not be offered a higher post?

**Shri Satyanarayan Sinha:** As I have already said a higher post could not be offered to him on administrative grounds.

#### ABDUCTED WOMEN RESCUED AND STATE NURSING HOMES

1033. **\*Shri Brajeshwar Prasad:** (a) Will the Honourable Minister of Relief and Rehabilitation be pleased to state the total number of abducted women rescued upto 15th March, 1948?

(b) Do Government propose to establish State Nursing Homes, where the children born to these abducted women, will be maintained by the State from the day of their birth till they attain the age of majority?

**The Honourable Shri K. C. Neogy:** (a) No reliable figures are available upto the 15th December, 1947. The number of women and children rescued since then is as follows:

From 16th December 1947 to 25th January 1948—1218 from Western Pakistan and 1576 from East Punjab.

From 26th January 1948 to 11th March, 1948—1733 from Western Pakistan and 2236 from East Punjab.

This makes a total of 2951 from Western Pakistan and 3812 from East Punjab. This does not include 974 abducted Kashmiri women from the Kunja Camp.

(b) The whole question of children born to abducted women is under consideration. It is not improbable that many such children will be absorbed in families to which the women concerned belong. The idea of establishing State Nursing Homes is also being examined.

**Shrimati G. Durgabai:** May I know whether Government have addressed the Kasturba National Trust making a request to them about maintaining these women and taking care of the children?

**The Honourable Shri K. C. Neogy:** As far as my recollection goes, no such request has been addressed, but I shall certainly consider the Honourable Lady's suggestion.

**Mr. Frank R. Anthony:** Has the attention of Government been drawn to a statement in the press that although persons have been caught red-handed in the matter of these abductions no prosecutions have been launched?

**The Honourable Shri K. C. Neogy:** I am afraid I am not in possession of facts on this particular point.

**Dr. B. Pattabhi Sitaramayya:** Are Government in a position to state the number of abducted women from the States who have been rescued?

**The Honourable Shri K. C. Neogy:** I have not got the figures here, but I can assure my Honourable friend that the number is fairly considerable.

**Dr. B. Pattabhi Sitaramayya:** Is the Honourable Minister aware that many of the abducted women are with high military officials and the soldiery in some of the States? Will efforts be made to recover them?

**The Honourable Shri K. C. Neogy:** That kind of statement has been made with reference to the situation that prevails on both sides of the border.

#### JOINT DEFENCE PACT BETWEEN INDIA AND PAKISTAN

1034. \***Shri Brajeshwar Prasad:** (a) Will the Honourable the Prime Minister be pleased to state whether the attention of Government has been drawn to the news published in the *Free Press Journal* dated the 12th March, 1948, regarding Mr. Jinnah's offer for a Joint Defence Pact between India and Pakistan?

(b) Have the Government of India been approached either officially or non-officially by the Government of Pakistan for the conclusion of a Joint Defence Pact?

**The Honourable Pandit Jawaharlal Nehru:** (a) Yes.

(b) Government have received no such offer either officially or otherwise. The Question of joint defence, however, is important from the point of view of both India and Pakistan and Government will gladly consider this when the time is ripe for it.

#### IMMOVABLE PROPERTIES LEFT BY EVACUEES IN SIND

1035. \***Mr. R. K. Sidhva:** (a) Will the Honourable Minister of Relief and Rehabilitation be pleased to state whether a Custodian of Properties has been appointed by the Sind Government to look after the properties of Sind refugees?

(b) What is the total value of immovable properties left by evacuees in Sind?

**The Honourable Shri K. C. Neogy:** (a) No. The Government of Sind have passed an Act known as the Sind Economic Rehabilitation Act, 1948, under which they can take possession or control of any property abandoned by Evacuees and use it for the purpose of rehabilitating refugees. The Act makes no provision for the management of the property in the absence of the evacuee and for protecting his rights and interests in the property and maintaining an account of the income and expenditure in regard to it. Representations have been made to the Pakistan authorities to appoint a Custodian of Evacuee Property in Sind on the same lines as in East and West Punjab.

(b) Until registration of claims of evacuees from Sind is completed no estimate is possible. Negotiations for an Inter-Dominion Property Settlement, which will include Sind, are in progress. If, as is expected, a settlement is reached all claims will be registered and scrutinized for valuation.

**Mr. R. K. Sidhva:** Was this subject discussed at the last interview that the Honourable Minister had with the Pakistan Ministry? If so, with what result?



**The Honourable Shri K. O. Neogy:** This specific question was not discussed by me while I was at Lahore, because it formed one of the specific points for discussion between the officers of the two Dominions who were constituted into a special committee. That committee has gone into this, as also very many other important questions relating to this subject, and their report is under consideration. I may add that an inter-Dominion Conference of the Ministers is likely to be held to finalise the scheme within a few weeks.

— **COAL AND MANGANESE MINES WORKING IN CENTRAL PROVINCES** —

**1036. \*Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Works, Mines and Power be pleased to state how many coal and manganese mines are working in the Central Provinces and where they are located?

(b) What was their monthly out-put in the years 1938, 1945 and 1947?

(c) What are the names of the firms which are working them?

(d) When will each of these leases and contracts terminate?

(e) What is the number of labourers employed in each mine?

(f) Is there any proposal for opening new mines?

**Shri Satyanarayan Sinha:** Three statements† are placed on the table of the House. Statement I gives the information in respect of parts (a), (c) and (e), of the question, Statement II in respect of part (b) and Statement III in respect of part (d).

(f) No definite information regarding the opening of new mines is available, but it is understood that the Government of C. P. and Berar propose to open some new mines in the recently discovered coal-field at Kamptee. The matter primarily concerns the Provincial Government of C. P. and Berar.

**Dr. P. S. Deshmukh:** Is the Honourable Minister aware of any proposals with regard to exploiting the mineral resources of the Bastar State?

**Shri Satyanarayan Sinha:** I shall require notice of that.

**Shri Deshbandhu Gupta:** Is it a fact that due to transport difficulties the accumulations of coal is increasing and the output is going down every day?

**Shri Satyanarayan Sinha:** That may be so.

**Seth Govinddas:** Then what steps are Government going to take about the transport of coal from the C. P.?

**Shri Satyanarayan Sinha:** That is a question for the Transport Minister.

**INDIAN CHAMBER OF COMMERCE, NISBET ROAD, LAHORE AND OTHERS FROM PUNJAB RECOGNISED BY GOVERNMENT**

**1037. \*Giani Gurmukh Singh Musafar:** (a) Will the Honourable Minister of Commerce be pleased to state the number and names of Chambers of Commerce recognised by the Government of India from the Punjab?

(b) Was the Indian Chamber of Commerce (Desi Beopar Mandal), Nisbet Road, Lahore, recognised by the Government of India?

(c) If the reply to part (b) above be in the affirmative, were any requests received by the Ministry of Commerce intimating the change of address of the said Chamber, how many letters were received in this connection and what is the action taken by Government on these requests?

(d) If the reply to part (b) above be in the negative, what are the circumstances under which the recognition was withdrawn?

(e) Were other Chambers, if any, in other provinces removed from the list of recognised Chambers, and if so, what are their names?

†Not printed in the day's Debate. A copy has been placed in the Library of the House.—Ed. of D.

**The Honourable Mr. C. H. Bhabha:** (a) Two associations have been recognised from Eastern Punjab. They are (1) The Simla Trade Association, Simla, and (2) The Punjab Federation of Industries, Amritsar.

(b), (d) and (e). The Chamber was recognised before partition, but this recognition was withdrawn after partition on the ground that Lahore had been included in the Dominion of Pakistan. I may add for the Honourable Member's information that 'recognition' was automatically withdrawn from all Chambers and Associations which had their headquarters in the Dominion of Pakistan. In pursuance of this decision, the following Chambers of Commerce belonging to Eastern Bengal were also removed from our list after Partition, *viz.*:

- (i) The Chittagong Chamber of Commerce, Chittagong, (ii) The Muslim Chamber of Commerce, Chittagong, and (iii) The Narayanganj Chamber of Commerce, Narayanganj, Dacca.

(c) Six references for re-recognition of the Chamber were received by the Ministry and referred to the Chief Commissioner, Delhi, and the Government of the East Punjab for report as is the practice in such cases. A reference to the latter Government was necessitated because the Chamber originally proposed to have its headquarters in Delhi and subsequently expressed its intention of setting it up in Ambala. The reply of the East Punjab Government is still awaited.

The request made is not of a routine nature as it is not known what interests the Chamber represents in its present form. I would add for the Honourable Member's information that in all cases where recognition is sought from Government, the Provincial Governments are asked to report upon the status, importance and the representative character of the bodies. It is only after a favourable reply has been received that recognition is granted in such cases. The Government of the East Punjab I may add in this connection has been asked to expedite its reply.

**Prof. N. G. Ranga:** What are the privileges that are accorded to such Chambers as are recognised by the Commerce Ministry of Government?

**The Honourable Mr. C. H. Bhabha:** Recognition simply means the supply of official Gazettes and other commercial and relevant information which may be useful to these bodies.

#### IMPORT OF LUXURY CARS FROM BRITAIN

1038. **\*Shri Kishori Mohan Tripathi:** (a) Will the Honourable Minister of Commerce be pleased to state whether any orders have been placed in Britain for the import of luxury cars into India?

(b) If so, for how many such cars have orders been placed?

(c) What will be the price of the cars in Indian currency?

**The Honourable Mr. C. H. Bhabha:** (a) No licences are being issued during January-June 1948 for import of motor cars whose c.i.f. value exceeds Rs. 5,000 per unit, if imported in component parts for assembly in India and Rs. 6,250 if imported assembled. It follows therefore that no orders can be placed for motor cars costing above these price limits.

(b) Does not arise.

(c) The internal sale prices of the cars are fixed by the distributors and no control is exercised now by the Central Government.

## DISPERSAL OF REFUGEES IN KURUKSHETRA CAMP TO OTHER PERMANENT HABITATIONS.

1039. \***Shri S. V. Krishnamurthy Rao:** (a) Will the Honourable Minister of Relief and Rehabilitation be pleased to state whether it is a fact that there are nearly 1,75,000 refugees in the Kurukshetra Camp and that all of them are living in tents?

(b) Is it a fact that most of them are without work?

(c) Is it a fact that thefts and other anti-social offences are on the increase there?

(d) Is it a fact that the Camp will be under water in the rainy season?

(e) If so, what arrangements do Government propose to make to disperse the refugees in the Kurukshetra Camp to other permanent habitations?

**The Honourable Shri K. C. Neogy:** (a) Yes.

(b) Yes. The Camp can provide work for only a few thousands, among the Refugees.

(c) No.

(d) Most of the area is low-lying and is liable to flooding.

(e) It is not possible to provide permanent habitation for large number of refugees in a short time. Removal of refugees to other relief camps is actively under consideration.

**Prof. N. G. Ranga:** Are we to understand that no effort is being made to provide constructive and productive work more and more to these refugees in this particular camp in order that the burden on the State itself could be minimised?

**The Honourable Shri K. C. Neogy:** Every effort is being made in that direction. If I might make a suggestion to my Honourable friend, he could perhaps take a trip down to Kurukshetra, and I am sure he would be perfectly satisfied with the arrangements, limited as they are at the moment, that have been made for the training of these people in various gainful occupations.

**Shri S. V. Krishnamurthy Rao:** Is it not a fact, Sir, that nearly 50 per cent. of the refugees in the Kurukshetra Camp are agriculturists?

**The Honourable Shri K. C. Neogy:** I should not like to say that, but there is a good proportion of agriculturists among them.

**Shri S. V. Krishnamurthy Rao:** What arrangements are being made to re-settle them on land?

**The Honourable Shri K. C. Neogy:** Most of them are normally entitled to rehabilitation in the East Punjab province and also the East Punjab States?

**Seth Govinddas:** Is it not a fact, Sir, that there are vast tracts of barren land round about Kurukshetra and are Government thinking of bringing this land under cultivation?

**The Honourable Shri K. C. Neogy:** I should not like to say that there are vast tracts of land in or round about Kurukshetra itself, but the fact remains that there is a large acreage of what is called culturable waste land in the Karnal district of which Kurukshetra is a part.

**Shri Deshbandhu Gupta:** Is it not a fact, Sir, that a large percentage of the refugees who belong to the Frontier Province are not allotted any and by the East Punjab Government?

**The Honourable Shri K. C. Neogy:** I do not think that there is a very large proportion of the Frontier people constituting the population of the camp; but there is certainly a good number of refugees who belong to the Frontier and other non-Punjab areas. As a matter of fact, under the revised policy of the Government of East Punjab, people from Baluchistan, Sind and N.-W.F.P.

would be entitled to be rehabilitated on land in East Punjab and the East Punjab States, provided they or their ancestors had migrated from any of the districts of the Punjab to those areas. Therefore, it is not quite correct to say that these people are not entitled to rehabilitation benefits in East Punjab.

**Shri S. V. Krishnamurthy Rao:** May I know, Sir, who is responsible for the security arrangements in the Kurukshetra camp—the Central Government or the East Punjab Government?

**The Honourable Shri K. C. Neogy:** Well, Kurukshetra is a part of the district of Karnal. So far as Police measures are concerned, certainly it is the responsibility of the East Punjab Government. But in addition to the Police, we have a small force of the Army.

**Shri S. V. Krishnamurthy Rao:** Is it a fact that there are not more than one hundred army men in the Camp?

**The Honourable Shri K. C. Neogy:** Well, it may be so.

**Shri S. V. Krishnamurthy Rao:** Do Government think that it is sufficient for a camp of 1,70,000 persons.

**The Honourable Shri K. C. Neogy:** It is not the usual practice to have a large section of the Army to guard a camp. The actual security measures depend upon the strength of the police.

#### DELAY IN GOVERNMENT PRINTING WORK DUE TO CONGESTION OF WORK IN GOVERNMENT PRESS.

1040. **\*Shri S. V. Krishnamurthy Rao:** (a) Will the Honourable Minister of Works, Mines and Power be pleased to state whether it is a fact that there is heavy congestion of work in the Government Press causing delay and errors in Government printing work?

(b) Are Government aware that there is what is known as the "Weber Printing Offset" with two printing machines with complete equipment and with a capacity of printing 16,000 copies an hour lying idle in the Administrative Intelligence room of the Commerce Department?

(c) Is it not a fact that the printing in this machine is done by litho typing and obviates all errors in printing?

(d) Do Government propose to utilise this machine for Government printing work?

**Shri Satyanarayan Sinha:** (a) Yes.

(b) Yes. The machinery for the Press was purchased last year but the Press could not start working for want of suitable accommodation. Accommodation is now being allotted for its installation.

(c) The originals are photographed. In actual printing no errors can occur, but if there are any errors in manuscript, they are reproduced.

(d) Yes.

#### SURVEY RESEARCH INSTITUTE AND THE MANAGER.

1041. **\*Shri S. V. Krishnamurthy Rao:** Will the Honourable Minister of Works, Mines and Power be pleased to state:

(a) when the Survey Research Institute was started;

(b) what its pay bill is;

(c) the different branches in which it is carrying on Research Work;

(d) when the present President of the Research Institute took charge

(e) what his salary is; and

(f) how many research papers have been published and on what subjects; (i) before he took charge of his present office; and (ii) after he took charge?

**Shri Satyasarayan Sinha:** The question should have been addressed to the Honourable Minister for Agriculture who has agreed to answer it on the day allotted to his Ministry.

**RESTRICTING OF APPLICATIONS FOR LOANS TO REFUGEES REGISTERED IN DELHI BEFORE NOVEMBER, 1947.**

1042. \***Shri Lakshminarayan Sahu:** Will the Honourable Minister of Relief and Rehabilitation be pleased to state the intention of the Government in restricting the applications for loans to the refugees who have been registered in Delhi before the 30th November 1947?

**The Honourable Shri K. C. Neogy:** The scope of the Loans scheme for rehabilitation is not confined to Delhi. But the capacity of Delhi to absorb refugees into its economy is limited. The Standing Advisory Committee of this House have advised the Ministry that Delhi cannot absorb more than 2½ lakhs of refugees and that only those who registered by the 10th December, 1947, should be eligible for rehabilitation Loans in Delhi. This does not imply that Government undertakes to rehabilitate the entire number registered in the Delhi Province before that date. The exception to this dead line has been made in the case of refugees from Sind, N.-W.F.P., Baluchistan and Bahawalpur as evacuation from these areas started late and in some cases still continuing. In their case the corresponding date is the 29th February, 1948.

**Shri Deshbandhu Gupta:** Is it not a fact that registration of refugees sometimes takes weeks. Will Government take that fact into consideration and if they are satisfied that in actual fact people had come on or before the due date in Delhi, entitle them to the benefit of the loans?

**The Honourable Shri K. C. Neogy:** That, I am afraid, is a different issue. We are concerned with people who have registered themselves before a specified date that I have mentioned. Now, with regard to the first date, namely, the 10th December 1947, I have a statement showing that approximately 2,69,000 and old persons had been registered by that date and, as I have already stated, according to the opinion of the Advisory Committee of this House attached to my Ministry, the maximum capacity of Delhi to absorb refugees is about two and a half lakhs.

**Shri Deshbandhu Gupta:** Has any representation been received by the Honourable Minister from refugees who had come to Delhi before that date and had applied for registration, but were not registered?

**The Honourable Shri K. C. Neogy:** Is the Honourable Member referring to registration of claims?

**Shri Deshbandhu Gupta:** I am referring to registration of refugees.

**The Honourable Shri E. C. Neogy:** Registration of refugees which was undertaken by the students of the Tata Institute of Social Sciences was gone through, as far as I am aware, with commendable expedition, and if any such cases which the Honourable Member has mentioned have occurred, I do not think that they would represent the general position.

**IMPLEMENTATION OF RESOLUTION ON INDUSTRIAL TRUCE.**

1043. \***Shri C. Subramaniam:** (a) Will the Honourable Minister of Labour be pleased to state whether all the labour organisations in the country have accented the Resolution on Industrial Truce passed in the Industries Conference held in December 1947?

(b) If so, what steps have been taken to implement the terms of the Resolution?

**The Honourable Shri Jagjivan Ram:** (a) So far the Indian National Trade Union Congress has accepted the resolution. The Socialist party has also

accepted it. The matter is still under correspondence with other all-India organisations. I may add that the Industrial Truce resolution is included in the agenda of the Indian Labour Conference which opens in New Delhi on the 19th April 1948 and which will be attended by representatives of all-India organisations of workers as well as employers. Their reactions to this resolution will no doubt be made fully known to Government at the Conference.

(b) Government hope shortly to make an announcement in regard to the implementation of the Industrial Truce resolution.

**Shri C. Subramaniam:** Are individual trade unions consulted, or only the all-India organisations are consulted, in the matter?

**The Honourable Shri Jagjivan Ram:** In all these matters the all-India organisations are consulted and not individual unions.

**Shri C. Subramaniam:** In a case where the all-India organisation is a communist body controlled unwilling to co-operate has the Honourable Minister taken any steps to consult individual trade unions?

**The Honourable Shri Jagjivan Ram:** Those trade unions which do not agree with the policy of the All-India Trade Union Congress are free to disaffiliate themselves and join other organisations.

**Shri Deshbandhu Gupta:** Has the attention of the Honourable the Labour Minister been drawn to the remarks made by the President of the Federation of Indian Chambers of Commerce and Industry the other day in which he stated that this resolution has not so far been observed by the trade unions and that since then there have been many strikes?

**The Honourable Shri Jagjivan Ram:** I have read that statement in the Press, but I do not agree with that view.

**Prof. N. G. Ranga:** Is it not a fact, Sir, that some trade unions which agree with Truce Resolution and have accepted it are not able to give effect to it, because they have to approach Government only through the all-India organisations which are not prepared to accept the terms of the Truce Resolution?

**The Honourable Shri Jagjivan Ram:** As I have made it clear, if any Union feels that it is not in a position to agree with the policy and programme of any All-India organization, it is free to get itself disaffiliated and function alone or join any other All-India organization.

**Shrimati Renuka Ray:** Would the Honourable the Minister kindly inform the House as to what response the industrialists have given in regard to keeping to the resolution of industrial truce? And will the Honourable Minister also say if he is satisfied that the industrialists' response is satisfactory?

**The Honourable Shri Jagjivan Ram:** I am afraid it is too early to express any opinion on that matter.

**Prof. N. G. Ranga:** Have Government got any information as to any sort of effort being made by any set of these employers to set up those work committees and various other machinery suggested by this truce resolution?

**The Honourable Shri Jagjivan Ram:** In some of the concerns work committees have been set up and efforts are being made by Government themselves to set up the necessary machinery for getting the establishment of these work committees expedited.

**STOPPAGE OF WORK IN VARIOUS INDUSTRIES AFTER PASSING OF RESOLUTION  
ON INDUSTRIAL TRUCE**

**1044. \*Shri C. Subramaniam:** (a) Will the Honourable Minister of Labour be pleased to state the number of industrial disputes in the various industries, resulting in stoppage of work since the passing of the Resolution on Industrial Truce in December 1947?

(b) What is the total number of workers involved in each class of industry and the total number of man days lost?

(c) Were any enquiries made regarding the causes which led to the stoppage of work?

(d) If so, what were the results of the enquiries?

**The Honourable Shri Jagjivan Ram:** (a) and (b). I lay on the table a statement containing information for the period 20th to the 31st December 1947 and for the month of January 1948. Information for the succeeding months is not yet available.

(c) and (d). So far as the undertakings in the Central sphere, viz., Central Government's own undertakings, Federal Railways, major ports, mines and coalfields, are concerned, inquiries and conciliation proceedings were held in most of the cases. A large number of them were settled amicably. Precise information relating to industrial disputes in undertakings in the Provincial sphere is not available. Almost all Provincial Governments have their own independent industrial relations machinery whose primary function is to enquire into industrial disputes and to do all that is practicable for prompt settlement by conciliation.

*Industrial disputes during December 1947 which started on or after the  
20th December, 1947*

Industries	No. of disputes	No of workers involved	No of man-days lost
Cotton . . . . .	3	2,213	2,479
Jute . . . . .	3	22,000	144,000
Docks and Ports . . . . .	1	6,520	39,120
Engineering . . . . .	*5	1,203	2,085
Plantation . . . . .	*1	...	..
Municipalities . . . . .	1	2,000	16,000
Miscellaneous . . . . .	7	1,976	2,716
Total . . . . .	** 21	35,912	206,410]

N. B.—11 disputes were in progress.

\*Particulars about the workers involved and man-days lost in one dispute are not known.

\*\*Particulars about workers involved and the man-days lost in 2 disputes are not known.

*Industrial disputes during January 1948*

Industry	No. of disputes	No. of workers involved	No. of mandays lost
<i>Textiles.</i>			
Cotton . . . . .	40	53,068	118,311
Jute . . . . .	5	34,471	60,200
Others . . . . .	6	779	8,712
Engineering . . . . .	15	6,249	90,407
Food, Drink and Tobacco . . . . .	7	2,790	4,633
<i>Mines.</i>			
Coal . . . . .	5	6,234	92,567
<i>Transport.</i>			
Railways . . . . .	1	742	186
Others . . . . .	1	61	183
Docks and Ports . . . . .	2	7,568	177,586
Plantations . . . . .	4	1,787	14,004
Municipalities . . . . .	4	379	1,477
Miscellaneous . . . . .	38	8,431	79,252
<b>Total</b> . . . . .	128	122,55	653,518

**Shri C. Subramaniam:** Will the Central Government call for the enquiries made by the Provincial Governments regarding the working of the industrial truce to find out whether the truce have the effects contemplated originally by the Honourable Minister?

**The Honourable Shri Jagjivan Ram:** We periodically hold conferences with the Provincial Labour Ministers, and in the first week of May we are going to have a conference of the Provincial Labour Ministers and there we will discuss these matters.

**Shri C. Subramaniam:** Is there any improvement in the industrial relations between labour and employers after the truce?

**The Honourable Shri Jagjivan Ram:** I will not say that it has deteriorated.

**Shri Harihar Nath Shastri:** Has the Government any knowledge that two of the main causes of these strikes are: firstly the refusal of the employers to implement the awards given from time to time in industrial courts or adjudicators: and secondly the introduction of changes in working conditions adversely affecting the interests of labour?

**The Honourable Shri Jagjivan Ram:** I will not say that these are the only two causes. There are other causes as well.



**Shri C. Subramaniam:** Are the Government aware that there is an industrial dispute in the town of Coimbatore and that dispute is being prolonged for the last two months and more because labour has refused to accept an award given by an arbitrator?

**The Honourable Shri Jagjivan Ram:** That report I have seen in the press. But that is the Provincial Government's responsibility and not of the Central Government.

**Prof. N. G. Ranga:** What does the Central Government do when a labour dispute like that is prolonged for a long period of two, three to four months affecting the total overall production?

**The Honourable Shri Jagjivan Ram:** Get into touch with the Provincial Governments and request them to expedite a settlement.

**Prof. N. G. Ranga:** Is not it possible for the Central Government to try and supplement the efforts of the local Government in co-operation with the latter and thus bring about a settlement of such disputes much earlier than is the case at present?

**The Honourable Shri Jagjivan Ram:** As my friend is aware, in view of Provincial autonomy, we can only do that at the request of the Provincial Government concerned.

**Several Honourable Members:** rose—

**Mr. Speaker:** I think we ought to go to the next question. We are arguing the point now.

#### HARDSHIPS TO EMPLOYEES OF CERTAIN MINISTRIES IN SECURING ALLOTMENT OF GOVERNMENT QUARTERS IN DELHI

**1045. \*Shri Damodar Swarup Seth:** Will the Honourable Minister of Works, Mines and Power please state;

(a) whether it is a fact that the seniority for purpose of allotment of Government quarters to Government employees is reckoned from the date of their continuous posting to Delhi and Simla in case of Delhi quarters; and

(b) whether Government are aware that these orders cause hardship to the employees of the Ministries pooled for purpose of allotment, where transfers to and from Delhi are made, as and when necessary, in the interest of public service?

**Shri Satyanarayan Sinha:** (a) Yes.

(b) Government are aware that allotment rules do involve hardship in certain cases and the question of revision of these rules is under consideration. But no revision of allotment rules can remove the possibility of hardship in individual cases, so long as the accommodation available is utterly inadequate to the demand for accommodation in Delhi.

#### ISSUE OF LICENCES FOR IMPORT OF ELECTRICAL GOODS FOR 1947-48

**1046. \*Shri Satis Chandra Samanta:** Will the Honourable Minister of Commerce be pleased to state:

(a) the number of licences granted during the period from 1st January, 1947 to 29th February 1948 for the import of electrical goods which are not manufactured in India;

(b) the names of firms holding licences at present;

(c) the names of firms which were importing those goods in pre-war time but have been refused licence; and

(d) the causes for such refusal?

**The Honourable Mr. C. H. Bhabha:** (a) 5129 licences were granted during the year 1947. For the current January-June 1948 period 350 licences have been granted for electrical goods which are licensed freely. For the other category of these goods applications are under examination and no licences have yet been issued.

(b) and (c). The time and labour involved in the collection of this information is hardly commensurate with the results which are likely to be achieved.

(d) Does not arise.

**Prof. N. G. Ranga:** Is it a fact that licences are issued to a number of people within the same family?

**The Honourable Mr. C. H. Bhabha:** That is not correct. But if my Honourable friend will bring specific instances to my notice I shall enquire into them and take necessary action.

#### \*SCHOOL FOR PRE-CADET TRAINING FOR JOINING INDIAN MERCANTILE MARINE

1047. **\*Shri V. C. Kesava Rao:** Will the Honourable Minister of Commerce be pleased to state:

(a) whether it is proposed to establish a school to give pre-cadet training to candidates desirous of entering the Indian Mercantile Marine; and

(b) if the answer to part (a) above be in the affirmative, where the proposed school will be located and when it will start functioning?

**The Honourable Mr. C. H. Bhabha:** (a) Such a proposal is under consideration.

(b) An Expert Committee is examining this matter and Government will take a decision after considering the Committee's recommendations.

#### INDIAN BUILDING INDUSTRY AND EXPORT OF ROSE-WOOD AND SOFT-WOOD

1048. **\*Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Commerce be pleased to state the quantity of rose-wood and soft-wood for which export permits were granted in the last financial year and the countries to which they were exported?

(b) Are Government aware that the Indian building industry is suffering owing to such unrestricted exports?

(c) Is there any committee to advise Government on these questions?

(d) If not, do Government propose to consider the appointment of an advisory body to examine the whole question of export of such commodities?

**The Honourable Mr. C. H. Bhabha:** The question should have been addressed to the Honourable Minister of Industry and Supply. It has accordingly been transferred to his list.

#### QUALIFICATIONS FOR AND POSTS OF FACTORY INSPECTORS

1049. **\*Shri V. C. Kesava Rao:** Will the Honourable Minister of Labour be pleased to state:

(a) the qualifications prescribed for the post of Factory Inspector;

(b) the number of persons in employment under this category; and

(c) whether it is a fact that personnel having high engineering qualifications are working as Factory Inspectors and if so, whether Government propose to consider the question of releasing such officers for other work requiring technical efficiency and knowledge?

**The Honourable Shri Jagjivan Ram:** (a) Under the Factories Act, 1934, the power to appoint Inspectors rests with Provincial Governments and necessary qualifications required for the post are prescribed by them.

(b) So far as information is available, there are 93 Factory Inspectors including Chief Inspectors of Factories, employed under the Provincial Governments.

(c) Many of the Inspectors possess engineering qualifications but these are necessary for the proper administration of the Factories Act, particularly the provisions relating to safety. In any case, this is a matter for the Provincial Governments to consider.

**Shrimati Dakshayani Velayudhan:** May I know whether there are any factory Inspectresses?

**The Honourable Shri Jagjivan Ram:** There is none, and I do not think there is any necessity for them?

**Shrimati Dakshayani Velayudhan:** In view of the fact that there are large numbers of women working in factories, how can the Government say that it is not necessary?

**Mr. Speaker:** The Honourable Member should not argue.

#### CONTROL OF RENTS FOR BUILDINGS IN DELHI PROVINCE

**1050. \*Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Works, Mines and Power be pleased to state whether rents for buildings in the Province of Delhi is controlled and if so, what are the steps being taken to enforce this control?

(b) Are Government servants allowed to sub-let their premises and if so, on what basis is the rent of the sub-let portion fixed?

(c) Have there been any prosecutions for charging exorbitant rents during the last financial year?

**Shri Satyanarayan Sinha:** (a) Yes; the rents for buildings in the Province of Delhi are controlled under the Delhi and Ajmer-Merwara Rent Control Act, 1947 (Act No. XIX of 1947), section 13 of which provides adequate penalty for the infringement of different provisions of the said Act.

(b) Government servants are allowed to sub-let their premises with the approval of the Estate Officer. They are at present being actively encouraged to share accommodation with other Government servant or with refugees on a proportionate share of the rent.

(c) Statistics of prosecutions under Section 13 of the Delhi and Ajmer-Merwara Rent Control Act (Act No. XIX of 1947) are not available. This Act does not apply to any premises belonging to Government or taken on lease or requisitioned by Government. Unauthorised sub-letting of Government accommodation is suitably dealt with by Executive action.

**Prof. N. G. Ranga:** In view of the fact that some of these Government servants are taking advantage of this permission to sub-let and at the same time evict those people who have been taken in as sub-tenants merely because they do not agree to pay much higher rents than have been paid till now, will Government consider the advisability of taking suitable steps to protect the interests of the sub-tenants?

**Shri Satyanarayan Sinha:** I think if the Honourable Member brings a specific instance to the notice of the Department action will be taken after the proper enquiry.

**Shri Deshbandhu Gupta:** Is not it a fact that there have been no prosecutions at all?

**Shri Satyanarayan Sinha:** I am not in a position to answer that. No statistics are available and I cannot say whether any prosecution at all has been launched so far.

**Shri Deshbandhu Gupta:** Will the Honourable Minister make enquiries and lay a statement on the table of the House?

**Shri Satyanarayan Sinha:** Certainly we can make enquiries in the matter.

## NON-MUSLIM WOMEN ABDUCTED IN BAHAWALPUR STATE

**1051. \*Shri Jaspal Roy Kapoor:** Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) the estimated number of non-Muslim women abducted in Bahawalpur State;

(b) how many of such women have been recovered so far; and

(c) whether any organisation has been set up in the State or any specific steps have been taken for the recovery of such women?

**The Honourable Shri K. C. Neogy:** (a) No reliable figures are available.

(b) About 200 such women have been recovered so far.

(c) The Liaison organization for the evacuation of non-Muslims from Bahawalpur has a section working for the recovery of the abducted non-Muslim women in the state. Miss Amtus Salam is in special charge of it.

## EVACUATION OF NON-MUSLIMS LEFT IN BAHAWALPUR STATE

**1052. \*Shri Jaspal Roy Kapoor:** Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) the number of non-Muslims still awaiting evacuation from Bahawalpur State;

(b) by what time they are expected to be evacuated;

(c) whether it is a fact that the Nawab of Bahawalpur had promised to provide facilities to those who wanted to migrate to India, and, if so, what facilities have been provided therefor;

(d) whether it is a fact that on or about the 7th March 1948, the Government of India had arranged for carriages and wagons for their evacuation, but the Bahawalpur Railway authorities charged from the evacuees heavy fare, excess luggage fare, engine and coal charges, and various other charges;

(e) if so, whether Government have taken up or propose to take up this matter with the Nawab of Bahawalpur.

(f) whether Government are aware that the evacuees were not allowed to bring with them their necessary articles, and that the Railway Police searched their luggage and removed their ornaments and other valuables;

(g) if so, whether Government have taken up or propose to take up with the Nawab of Bahawalpur the question of the restoration of these articles to their owners; and

(h) what steps Government propose to take to prevent such treatment being meted out to the evacuees in future?

**The Honourable Shri K. C. Neogy:** (a) Accurate figures are not available but the best estimate is about 60,000 excluding converted and abducted persons.

(b) By the end of April, 1948.

(c) Yes. A programme for laying refugee specials has been agreed to and four trains have actually run.

(d) and (e). An Indian Railway rake was already available in Bahawalpur and was used. Complaints of irregular charging of fares have been received, and our Liaison officer in Bahawalpur has been instructed to take up the matter with the appropriate authorities.

(f) Reports have been received that certain restrictions have been imposed by the Bahawalpur authorities in the matter of evacuees bringing out their personal effects.

(g) and (h). The matter is at present being investigated and on the result of the investigations necessary action will be taken.

**Shri Deshbandhu Gupta:** May I know whether it is not a fact that there is no regular camp for these 60,000 and odd refugees who are awaiting evacuation from Bahawalpur and that there are no proper arrangements to look after them?

**The Honourable Shri K. C. Neogy:** These refugees are expected to be brought to the Kurukshetra Camp, where there is special accommodation reserved for them.

**Shri Deshbandhu Gupta:** My Honourable friend has not understood my question. My question is whether at present there is any camp in Bahawalpur where these refugees are being looked after and whether the Bahawalpur authorities have made any arrangements to look after them.

**The Honourable Shri K. C. Neogy:** As far as I recollect no regular camp exists, and some of these people perhaps live in their private residences. I have not received any complaint as regards the non-existence of camps which may have led to any inconvenience; but I shall look into the matter.

**Shri Deshbandhu Gupta:** Is it not a fact that when Dr. Sushila Nayar and Miss Amtus Salam went there, representations were made to them that these people were not at all being looked after so much so that they were not getting rations even at their own cost?

**The Honourable Shri K. C. Neogy:** I have not received any such representations so far, but I feel sure that our Liaison Officer is in touch with the refugees there and is doing all that is necessary and possible in the matter.

**Shri Deshbandhu Gupta:** Will the Honourable Minister make enquiries into the matter?

**The Honourable Shri K. C. Neogy:** Oh, yes.

**Shri B. Das:** Did the Honourable Minister receive any statement from the International Red Cross Officer (Mr. Cross) who also visited Bahawalpur?

**The Honourable Shri K. C. Neogy:** He is really our Liaison Officer there.

STATEMENT BY SHRI SNEHA KUMAR CHAKMA *re* SITUATION PREVAILING IN CHITTAGONG HILL TRACTS

+1053. \***Shri Arun Chandra Guha:** Will the Honourable the Prime Minister be pleased to state:

(a) whether the attention of Government has been drawn to the statement issued by Shri Sneha Kumar Chakma, General Secretary of the Chittagong Hill Tracts People's Association regarding the general situation prevailing in that area as published in the *Amrita Bazar Patrika* dated the 11th March, 1948;

(b) whether it is a fact that the Chakma and the Mong Chiefs and the leaders of the people have intimated to the Government concerned that the Radcliffe Commission had no jurisdiction over this area;

(c) whether it is a fact that the people have set up an Emergency Committee and that the Chakma and the Mong Chiefs have formed their own Councils by way of setting up their own Government;

(d) whether it is a fact that there is a general round up of leaders of the people and that a sort of reign of terror is now going on there; and

(e) whether Government have considered the question of the Chakma and Mong Chiefs' claim to be treated as ruling chiefs?

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

**The Honourable Pandit Jawaharlal Nehru:** (a) Government have seen the press report in question.

(b) An intimation to this effect was received by the Government at the time of the Radcliffe Award.

(c) and (d). Government have no official information about the situation in the Chittagong Hill Tracts.

(e) No. The question does not arise in this context or in the present circumstances.

#### HARASSMENT OF HINDU IMMIGRANTS FROM EASTERN PAKISTAN AT KHULNA STATION

†1054. **\*Shri Arun Chandra Guha:** Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) whether the attention of Government has been drawn to the statement issued by the Secretary, Bengal Provincial Congress Committee as published in the *Amrita Bazar Patrika* dated the 11th March, 1948, regarding the situation in the Khulna Station;

(b) whether Government are aware of the fact that almost every Hindu passenger coming from Barisal, Faridpur etc., is subjected to harassment and indignities;

(c) whether it is a fact that the migrating Hindus are not allowed to bring with them even their articles of daily use such as trunks, clothes, sewing machines, radios, ornaments etc.; and

(d) if so, whether Government have taken up the case with the Government of Pakistan?

**The Honourable Shri K. C. Neogy:** (a) Yes.

(b) and (c). Yes, a number of cases have come to the notice of Government.

(d) It is hoped to hold discussions with Pakistan Government on these and allied matters at an early date. Meanwhile these incidents have been brought to the notice of the Pakistan Dominion Government.

#### CONDITIONS AND QUALIFICATIONS FOR CONTRACTORS OF C. P. W. D.

1055. **\*Shri Ramnarayan Singh:** Will the Honourable Minister of Works, Mines and Power be pleased to state:

(a) the conditions and qualifications prescribed for being enrolled as contractors in the Central Public Works Department; and

(b) the authority makes the enrolment?†

**Shri Satyanarayan Sinha:** (a) and (b). The Chief Engineer used to enlist contractors after taking into consideration the financial status, experience and capacity to execute work. The registration of contractors under Classes I-A and I-B is now the responsibility of the Central Works Advisory Board, which was constituted by Government under Resolution No. Ag-117(3), dated the 15th May 1947, of which a copy is placed on the table. It is now proposed to formulate detailed rules regarding enlistment of contractors in the Central Public Works Department under various categories:

I-A. Work without limit of cost.	} Enrolment by the Central Works Advisory Board.
I-B. Work costing upto Rs. 15 lakhs.	
II. Work costing upto Rs. 5 lakhs.	} Enrolment by the Chief Engineer
III. Work costing upto Rs. 1 lakh.	
IV. Work costing upto Rs. 50,000.	
V. Work costing upto Rs. 10,000	
	} Enrolment by the Superintending Engineer.

†The draft rules are still under examination.

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

## DEPARTMENT OF WORKS, MINES AND POWER

## RESOLUTION

New Delhi, the 15th May 1947

No. Ag-117(3).—The Government of India have decided to constitute a Central Works Advisory Board. This Board will act as an Advisory Body to the Central Public Works Department in regard to the registration of contractors of Class I-A and I-B categories and award of contracts for works.

2. *Composition of the Board.*—The Board when constituted, will consist of a Chairman and two members. The Chief Engineer, Central P.W.D., will be the Chairman with a view to ensuring that the recommendations made by the Board are technically feasible. Of the two Members, one will be an officer of the Works, Mines and Power Department, and the other an officer of the Finance Department to watch the financial interests of the Government of India.

The Board will have the authority to co-opt as members, non-official experts or representatives of the administrative Departments of the Government of India, when so required, for advice on such matters as the execution of specialised projects, e.g., aviation works, factory works, bridges, etc.

The ministerial work of the Board will be carried on by the staff of Works, Mines and Power Department.

3. *Functions of the Board.*—I. The Board will be charged with the responsibility of selecting persons or firms for the purpose of registration as Class I-A and Class I-B contractors in the Central Public Works Department. The Board will also undertake such other responsibilities in the matter of Central Works as the Central Government may entrust to it from time to time.

II. In discharging the above responsibility, it will be the function of the Board—

- (i) to call upon the Central P.W.D. to invite applications for registration as contractors,
- (ii) to examine periodically the list of approved contractors with a view to recommending the weeding out of contractors guilty of malpractices or otherwise unsuitable,
- (iii) to recommend to the Government of India any procedure that it may consider desirable for ensuring competitive tenders for works.
- (iv) to recommend the splitting up of big projects into component parts for the purpose of obtaining economic rates for execution of projects,
- (v) to recommend the execution of works otherwise than on the basis of tenders, in cases where tendered rates are high or where the works are of highly specialised nature,
- (vi) to recommend the form on which tenders should be called for, i.e., whether tenders for a particular job should be called for on percentage rate, item rate or lump sum basis, and
- (vii) to advise the Government of India in regard to any other matter that may be referred to it in connection with the award of works to contractors and their registration in the approved list of contractors.

ORDER.—ORDERED that the Resolution be published in the *Gazette of India* for general information.

D. L. MAZUMDAR, Secy.

**Prof. N. G. Ranga:** Who selected the personnel of this Advisory Board?

**Shri Satyanarayan Sinha:** The Government.

**Prof. N. G. Ranga:** Out of the various wheels of the Government, which particular wheel was responsible? Was it the Chief Engineer?

**Shri Satyanarayan Sinha:** I want notice.

**Shri Ramnarayan Singh:** Is the Honourable Minister aware that for the registration of a new man as contractor a great amount of money is demanded by the staff?

**Mr. Speaker:** Order, order.

## DATE OF ARRIVAL OF NON-MUSLIM PRISONERS FROM PAKISTAN

†1056. \***Lala Achint Ram**: Will the Honourable Minister of Relief and Rehabilitation be pleased to state when the non-Muslim prisoners will be reaching the Indian Union from Western Pakistan?

**The Honourable Shri K. C. Neogy**: No precise date has been fixed as yet for the exchange of prisoners. The process will be spread over a period which it is hoped will be very short. The exchange is expected to start next month.

## DEVELOPMENT BOARD AND SCHEMES FOR REHABILITATION OF REFUGEES

1057. \***Giani Gurmukh Singh Musafar**: Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) whether the Rehabilitation and Development Board has drawn up any schemes for the rehabilitation of the refugees;

(b) if so, what the schemes are and when they are likely to be put into operation by the Board; and

(c) how many Branches of the Rehabilitation and Development Board have so far been opened in the Provinces and States?

**The Honourable Shri K. C. Neogy**: (a) Yes.

(b) The Board has drawn up a scheme for the construction in Delhi of temporary structures to house about 6,000 families. The houses are expected to be ready within 6 months of receipt of building materials. The Board is also pursuing the question of setting up three townships around Delhi and steps are being taken to acquire the land.

The Board is also examining development schemes already drawn up by provinces and is preparing other schemes for promoting rehabilitation. Various house building and industrial schemes have been submitted to the Board by societies and individuals and these are being examined from the technical and financial aspects. The Board is further considering the development of cottage and small scale industries and, where possible, their integration to major industries.

(c) None so far. The question of appointment of liaison officers is under consideration. West Bengal and East Punjab Governments have been invited to set up provincial boards of rehabilitation and development to work in collaboration with the Board at the Centre.

**Shri Deshbandhu Gupta**: May I know whether it is a fact that Government have now issued orders to the Delhi Improvement Trust not to lease out any more plots of land and that the other plots of land which had been leased out so far be also, used for the building of cottages for refugees?

**The Honourable Shri K. C. Neogy**: Yes, that is so.

**Shri B. Das**: How much of the work of the Ministry of Relief and Rehabilitation has been taken over by the Rehabilitation and Development Board and may I know if the Honourable Minister has considered the retrenchment of the department gradually?

**The Honourable Shri K. C. Neogy**: I am afraid my Honourable friend is under a misapprehension as regards the character of the work that is to be done by this Board. The Board is concerned with the practical planning and execution of projects; and the setting up of this Board does not necessarily take away from the volume of work of the Ministry. As a matter of fact there is so much new work that is being thrown upon the Ministry, that it is difficult to cope with that increasing volume of work with the existing staff.

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



**Shri B. Das:** Can the Honourable Minister forecast when his Ministry will cease to work?

**The Honourable Shri K. C. Neogy:** I am hoping that that day would come very soon, but I do not know when.

**Shri Deshbandhu Gupta:** Have Government considered the desirability of asking all private owners of developed lands to build for refugees at controlled prices?

**The Honourable Shri K. C. Neogy:** Yes, some such proposal is also being actively considered.

**Shri Deshbandhu Gupta:** Have Government considered the desirability of asking private companies, house building and co-operative societies also to help the Government in this building programme by allotting some areas to them and giving them facilities regarding building materials?

**The Honourable Shri K. C. Neogy:** Some such proposal is also under consideration.

**Shri Upendra Nath Barman:** In view of the fact that there are many refugees who have come from the North West Frontier districts, is the Government aware that they are extremely anxious to be removed as early as possible to a cooler place?

**The Honourable Shri K. C. Neogy:** I have received such suggestions, but I should like to tell my Honourable friend that requests have come from the refugees of the particular districts that he has mentioned that they should be rehabilitated in Delhi, which is not always a very cool place.

ATTACHED AND SUBORDINATE OFFICES UNDER RELIEF AND REHABILITATION  
MINISTRY

1058. \***Giani Gurmukh Singh Musafar:** Will the Honourable Minister of Relief and Rehabilitation be pleased to state:

(a) the names of the attached and subordinate offices under the Ministry and where they are located; and

(b) the total number of staff, Gazetted and Non-Gazetted, employed in these organisations?

**The Honourable Shri K. C. Neogy:** (a) and (b). A statement giving the required information is laid on the table.

*Names of the Attached and Subordinate Offices under the Ministry of ..  
Relief and Rehabilitation and the details of the Gazetted and Non-  
Gazetted staff employed in them*

Offices	Gazetted Officers	Non-Gazette Staff
1. Director General, Evacuation, New Delhi	9	22
2. Custodian of Evacuees' Property, New Delhi	31	342
3. Registrar of Claims, New Delhi	8	47
4. Information Bureau, New Delhi	3	44
5. Rehabilitation and Development Board, New Delhi.	15	94

Offices	Gazotted Officers	Non-Gazetted Staff
6. Fact Finding Office, New Delhi . . . .	2	28
7. Missing Persons Enquiry and Search Services, New Delhi.	2	38
8. Registration of Refugees, New Delhi . . . .		24
9. Advisory Committee, New Delhi . . . .	2 (1 Hony.)	14
10. Special Employment Bureau, New Delhi . . . .	3	18
11. Director, Harijan Section, New Delhi <sup>1a</sup> . . . .	1 (1 Hony.)	14
12. Director, Women's Section, New Delhi.	5 (Hony.)	13
13. Custodian of Evacuees, Property, Ajmer . . . .	1	3
14. Director, Evacuation, Rajkot . . . .	1	7
15. Director, Evacuation, Bombay . . . .	8	53
16. Director, Evacuation, Rajputana . . . .	8	47
17. Director, Evacuation, Central Provinces . . . .	5	28
18. Facts Finding Office, Bombay . . . .	Information has been called for and will be laid on the table.	

## (b) WRITTEN ANSWERS

## ORDERS TO INDIA HOUSE OFFICIALS, LONDON, TO SEVER CONNECTIONS WITH HINDU COMMUNAL ORGANISATIONS

1059. \*Dr. P. S. Deshmukh: (a) Will the Honourable the Prime Minister be pleased to state whether it is a fact that the High Commissioner for India in London ordered all the India House officials to sever all connections immediately with Hindu communal organizations?

(b) Has the attention of Government been drawn to a news item published in the *Free Press Journal*, Bombay dated London the 1st March 1948 to this effect?

(c) Is it a fact that this order has not been made applicable to officials joining non-Hindu communal bodies?

The Honourable Pandit Jawaharlal Nehru: (a) No Sir. No such order was issued by the High Commissioner.

(b) Yes, but the report is incorrect.

(c) Does not arise.

## EXHIBITION BRANCH OF MINISTRY OF COMMERCE

1060. \*Dr. P. S. Deshmukh: (a) Will the Honourable Minister of Commerce be pleased to state whether the Ministry of Commerce maintains a special branch called the "Exhibition" branch?

(b) What is the monthly expenditure incurred on the Exhibition branch of the Commerce Ministry?

The Honourable Mr. C. H. Bhabha: (a) Yes, Sir.

(b) About Rupees four thousand and five hundred.

## PARTICIPATION BY COMMERCE MINISTRY INTO MILAN FAIR, ITALY

**1061. \*Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Commerce be pleased to state when the Ministry of Commerce came to know of the Milan Fair to be held in Milan (Italy) from 12th to 27th April 1948?

(b) On what date was the decision to participate in this Fair taken?

(c) On what date were circulars issued from Delhi containing proposals to collect outstanding specimens?

(d) What was the last date by which exhibits were to be received by Messrs. Thomas Cook and Sons Limited, Bombay?

(e) What were the considerations upon which Messrs. Thomas Cook and Sons were chosen by the Ministry?

**The Honourable Mr. C. H. Bhabha:** (a) The invitation from the Italian Consulate, Bombay to the Government of India for participation in the Milan Fair was received in this Ministry in the beginning of November, 1947.

(b) The final decision to participate in this Fair was reached on the 30th December, 1947.

(c) Circulars to firms, Chambers of Commerce and Associations etc., were issued on the 23rd January, 1948.

(d) The last date for receiving exhibits was the 20th February, 1948. In view of further suitable sailings for Italian ports being available later, the date was extended to the 14th March, 1948.

(e) Messrs. Thos. Cook's is an old established firm of forwarding and shipping agents. They have acted in this capacity for this Ministry on the last four exhibitions on which the Government of India participated in exhibitions abroad and have done so to the entire satisfaction of this Ministry.

## CLASS I, CLASS II AND NON-GAZETTED APPOINTMENTS IN CENTRAL WATER-POWER, IRRIGATION AND NAVIGATION COMMISSION

**1062. \*Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Works, Mines and Power be pleased to lay on table of the House a statement containing the following particulars:

(i) the number of class I, class II and non-gazetted posts in the Central Water-power, Irrigation and Navigation Commission in 1940 and 1945 and at present; and

(ii) the names of holders of class I, class II and non-gazetted posts in the Central Water-power, Irrigation and Navigation Commission with their dates of first appointment, salaries drawn by each in the years 1940 and 1945 and at present?

(b) How many of the above officers were recruited through the Federal Public Service Commission?

**Shri Satyanarayan Sinha:** (a) (i) Central Water-power, Irrigation and Navigation Commission was not in existence in the year 1940 and was set up only in April, 1945.

*No. of posts sanctioned*

	Class I	Class II	Class III
On 31-12-45	9	7	50
Today	43	29	133

(ii) and (iii). Two statements†—one in respect of Class I and Class II Officers and the other for the non-gazetted staff—showing the required information are laid on the table of the House.

(b) Out of 49 Class I and II Officers so far appointed 17 have been recruited through the Federal Public Service Commission. The remaining 32 have been recruited from the following sources:

- |  |    |
|--|----|
| (i) I.S.E. and I.F.S. Officers on deputation from Provinces.                       | 14 |
| (ii) Class I and II Officers on deputation from Provinces and Government of India. | 8  |
| (iii) Officers recruited on contract basis   | 4  |
| (iv) Recruited direct on purely temporary basis pending selection by F.P.S.C.      | 6  |

#### BURMA GOVERNMENT'S BAN ON SALE OF IMMOVABLE PROPERTY BY NON-BURMESE

**1063. \*Master Nand Lal:** (a) Will the Honourable the Prime Minister be pleased to state whether it is a fact that the Government of Burma have placed a ban on non-Burmese selling their immovable property?

(b) If so, have the Government of India protested against this ban so far as it affected Indian nationals? If not, why not?

**The Honourable Pandit Jawaharlal Nehru:** (a) The Honourable Member is presumably referring to the Transfer of Immovable Property (Restriction) Act, 1947, as amended by the Notification issued in the Burma Gazette Extraordinary of January 20, 1948. This Act, prohibits transfer of immovable property or lease of immovable property for any term exceeding one year in favour of a foreigner, or any person on his behalf by way of sale, gift, mortgage or otherwise.

(b) Our Ambassador has made suitable representations to the Government of Burma in respect of this legislation.

#### UNSTARRED QUESTION AND ANSWER

##### MIGRATION FROM INDIA TO PAKISTAN AND *vice versa* AND EVACUEES PROPERTY

**7. Shri Biswanath Das:** Will the Honourable Minister of Relief and Rehabilitation be pleased to lay on the table of the House a statement showing the following particulars:

(i) the estimated number of persons who had left Pakistan East and West including the States; each separately, from August 1947 and who were evacuated into India and also are in the process of evacuation giving figures for each separately;

(ii) the number of persons who have left India, including Indian States for Pakistan during the same period;

(iii) the estimated acreage of land and other agricultural holdings vacated by persons in case of parts (i) and (ii) above giving separate figures for each; and

(iv) the number of buildings and huts vacated in each of the cases of parts (i) and (ii) separately?

**The Honourable Shri K. C. Neogy:** (i) The number of non-Muslims evacuated from Western Pakistan to India is about 48 lakhs, and from Pakistan States (Bahawalpur) is about 89,000. The number of non-Muslims evacuated from Eastern Pakistan to India was estimated about a fortnight ago by the West Bengal Government to be about 10 lakhs.

†Not printed in the day's Debate. A copy has been placed in the Library of the House.—*Ed. of D.*

(ii) The number of Muslims who have migrated from Indian Provinces and States to Pakistan is about 55 lakhs.

(iii) and (iv). The information collected so far is laid on the table. Information from the remaining provinces has been called for and will be laid on the table in due course.

### Statement

(a) *Details of land, houses, etc., left by non-Muslims in Pakistan.*—It has been possible to collect only rough estimates for Sind. Non-Muslims there own 30 per cent. agricultural land of which half is being abandoned. More may be abandoned later on. 75 per cent. of buildings, huts and other immovable property are being abandoned in the interior. Only a small proportion of immovable property is being abandoned in Karachi.

(b) *Details of agricultural land, houses, etc., left by Muslims in India on migration to Pakistan.*

Nome of Provinces	Area of Agricultural land left	No. of houses and huts left
Assam . . . . .		
West Bengal . . . . .		
Central Provinces . . . . .	A G 6553—35	687 Buildings
East Punjab . . . . .	4,01,439 Acres (Cultivated area 31,48,667 Acres.)	1,19,359 Houses 15,336 Shops 76 Registered factories. 962 Unregistered factories.
Ajmer-Merwara . . . . .	7,000 Acres	7,600 houses.
(These figures include undetermined number of houses and acreage of land left by Muslims on migration to neighbouring States.)		
Nabha State . . . . .	53,045 Acres	13,603 Buildings. (Out of this number 4,608 Buildings are completely dilapidated)
Bharatpur State . . . . .	1,17,000 Acres	(About 1,600 Buildings.) (About 14,000 huts.)
Jind State . . . . .	36,060 Acres	6,784 Houses.
Alwar State . . . . .	4,19,000 Acres (Cultivated area 2,82,000 Acres.)	5,000 Houses. 25,000 Huts. (Mostly damaged.)
Kapurthala . . . . .	1,94,000 Acres	4,452 Houses and huts (in municipal towns in the state).

## SHORT NOTICE QUESTIONS AND ANSWERS

### DISTURBANCES AND IMPOSITION OF CURFEW IN KURUKSHETRA REFUGEE CAMP

**Shri Deshbandhu Gupta:** Will the Honourable Minister of Relief and Rehabilitation be pleased to state whether the attention of Government has been drawn to a news item published in the *Hindustan Times* dated the 13th March 1948, saying that 24 hour curfew has been imposed in Kurukshetra and that police and military opened fire on refugees? If so, what are the true facts?

**The Honourable Shri K. C. Neogy:** A press note issued by Government is placed on the table. The matter is now *sub judice*.

### PRESS INFORMATION BUREAU

GOVERNMENT OF INDIA

### PRESS NOTE

#### *Kurukshetra Camp Incident*

The following account of the incident in Kurukshetra on Monday, March 8, 1948, has been received by the Ministry of Relief and Rehabilitation :

It is reported that some refugees put up provision shops at a site not intended for the purpose. On their refusal to remove the shops, the Supervisor on duty is alleged to have kicked their baskets and used abusive language. This incident led to an altercation between the Supervisor and the refugees and a large crowd collected on the spot at about 4 p.m. The Town Commandant apprehending trouble called in the Military who fired a few shots in the air with a view to disperse the crowd which had, in the meantime, assumed a menacing attitude. At some distance from the scene of occurrence a police officer on duty also fired a shot in self-defence wounding two persons.

With a view to prevent the trouble from spreading to other parts of the Camp, 24 hour curfew was imposed in Town No. 4 of the Camp. Both the persons who had received minor gunshot wounds were admitted into the hospital. The constable who had also received some injuries on his head at the hands of the refugees has also been admitted into the hospital.

The situation is now well under control and the injured persons are progressing satisfactorily. They are expected to be discharged from the hospital in a few days.

The services of the Supervisor and the Town Commandant have been terminated.

*Ministry of Relief and Rehabilitation.*

New Delhi, March 18, 1948

**Shri Deshbandhu Gupta:** May I know if there had been any casualties, if so, and the number of casualties due to the firing?

**The Honourable Shri K. C. Neogy:** Casualties in the sense of injury, yes.

**Shri Deshbandhu Gupta:** May I know the number of such casualties?

**The Honourable Shri K. C. Neogy:** All these facts are set out in the Press Communique which was widely published. Three received injuries and they have all been discharged from the hospital.

### STATEMENT ISSUED BY THE RULER OF KALAT re ACCESSION OF KALAT STATE TO INDIA

**Pandit Balkrishna Sharma:** (a) Will the Honourable the Prime Minister be pleased to state whether the attention of the Government has been drawn to the statement issued by the Ruler of Kalat which appeared in *Hindustan Times* dated the 29th March 1948, in regard to the accession of Kalat State to India?

(b) If so, will he be pleased to make a statement on the subject?

**The Honourable Pandit Jawaharlal Nehru:** I am glad to have this opportunity of clearing up a misapprehension that has unfortunately arisen. I greatly regret that owing to an error in reporting the All India Radio announced on the night of the 27th March that His Highness the Khan of Kalat had approached the Government of India about two months ago through his agents to seek permission to accede to India but the Government of India did not agree. This statement is incorrect. No mention has been made at any time either by the representatives of the Ruler of Kalat or by the Government of India to the accession of Kalat State to India. In view of the geographical position of the Kalat State, the question did not arise at all.

I might also add that certain reports which have appeared in the foreign press about political negotiations between the Government of India and Kalat State are also completely without foundation. The statement that any sum of money has been paid to Kalat State on behalf of the Government and that the Government have sought air bases in Kalat are also wholly without foundation.

The facts are as follows: In August last, soon after the declaration of independence in India, the Government of Kalat drew the attention of the Government of India, to a press communique in which it was said that the Government of Pakistan had recognised Kalat as an independent sovereign State, in treaty relations with the British Government, with a status different from that of the Indian States. They invited the Government of India to make a similar declaration. Some time later a request was made on behalf of the Kalat State for permission to establish a trade agency of the State in Delhi. No formal reply was sent to either of these requests. Informally, the representative of the Kalat State was informed that these requests could not be considered then. No further communication of any kind has passed between the Government of India and the Government of Kalat.

**Pandit Balkrishna Sharma:** 1086—

**Mr. Speaker:** I am afraid, according to the usual practice we have been following, the Honourable Member's request was for making a statement. That statement has been made.

**Pandit Balkrishna Sharma:** I wanted to ask the source of the error which crept into the A.I.R.

**Mr. Speaker:** That may be done on some other occasion.

**Mr. Nazruddin Ahmad:** May I submit that the statement was made in answer to a question; and it is permissible, if you so rule, to ask supplementary questions on that. The basis of the statement is a question.

**Mr. Speaker:** It has been consistently followed in this House that whenever there is a request for a statement, there is a long and elaborate statement on which there would be no further questions. Questions, if at all they are deemed necessary, may be framed on what has been stated in the statement, and they may be dealt with later on.

#### REPORTED DECISION *re* A MASS HUNGER STRIKE BY CENTRAL GOVERNMENT EMPLOYEES IN CALCUTTA

**Shri T. T. Krishnamachari:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether the attention of Government has been drawn to the report which recently appeared in the Press of a decision by Central Government employees in Calcutta to launch a mass hunger-strike on the 2nd April, 1948.

(b) If so, what action do the Government of India propose to take in the matter?

**The Honourable Pandit Jawaharlal Nehru:** May I answer this question, Sir, on behalf of my colleague?

[Pandit Jawaharlal Nehru.] -

Government have heard with regret that active preparations are being made to start a strike of the employees of the Central Government in the Calcutta offices. From the reports that have reached Government the proposed strike is not a normal strike, but has certain special and very undesirable features. It has been stated that the strike will take the form of staying in the offices, coupled with a hunger-strike. Further, incitements to violence have been made and the organisers evidently think in terms of achieving their objective by violent methods. It is clear that those who are organising the strike are moved by other than purely economic motives of bettering the condition of the employees. There is a strong political objective which has nothing to do with the economic aspect, although many of those who may be induced to cooperate with the organisers of the strike may be moved by economic considerations. The proposed strike is thus a challenge to Government on the political plane and it raises a variety of issues of considerable importance.

Though the proposed strike is for the present confined to Calcutta, it is evidently a part of a larger movement, essentially political and violent, which is taking shape in some parts of India. It is in this context that I should like the House to consider this matter, as this affects the democratic structure of our Government and our public life. There can be no democratic functioning if violent means are adopted to attack Government and to enforce the will of a small minority on the great majority. Because of the importance of this matter in its various aspects, I am venturing to make a somewhat lengthy statement in reply to the Short Notice Question.

Government are naturally anxious to do everything in their power to help their employees. Government have also a duty to the people generally of this country. With the best will in the world they cannot change the face of India overnight and produce suitable employment for every man and woman in the country. That indeed is the objective which any government must aim at. But in order to reach it for all the people living in this vast country, vast schemes have to be undertaken. There is no other way of doing it.

The proposed strike in Calcutta, which has been fixed for the 2nd April, was to have commenced on the 17th March, but it was postponed. The strike is being called by an organisation, which is described as the Federation of Central Government Employees Unions. I should like to make it clear that this is a Calcutta organisation and has nothing to do with another organisation, which has a similar name and whose members held a conference recently in Delhi. I understand from certain office-bearers of this Delhi organisation, who met me a few days ago, that they dissociate themselves from, and disapprove of, the activities of the Calcutta organisation.

A few weeks ago a representation was received from the Calcutta organisation by the Finance Minister. This contained a plea for substantial increases in the pay-scales of Central Government employees. As the House is aware, the whole subject of pay-scales and service conditions was considered very recently by the Central Pay Commission, an independent non-official body, which examined a large number of witnesses, obtained evidence from recognised as well as unrecognised associations, and consulted experts who could speak with authority about labour conditions. The Commission recommended substantial increases in the pay-scales of almost all classes of employees. Government have accepted and are implementing these recommendations which, in the aggregate are estimated to cost over thirty crores of rupees per annum. They were therefore not prepared to reopen a subject recently decided after very careful consideration and make changes involving a radical departure from the general structure of pay-scales envisaged in the Commission's report.

When this position was made clear to the Federation, it found another reason for launching a strike. About this time it had become necessary to carry



out certain discharges of surplus personnel in the Military Accounts Department as well as in the Disposals Organisation of the Ministry of Industry and Supply. The Federation has seized upon these discharges as the occasion for resorting to direct action involving all government employees in Calcutta and not merely those of offices affected by retrenchment.

The main demands of the Federation, as now put forward, relate to retrenchment and are couched in the following terms: (1) There should be no retrenchment without provision for suitable alternative jobs and continuity and security of service should be assured; (2) Those who have completed one year's service should be confirmed with effect from the date on which they completed one year's service. Government have carefully considered these demands and come to the conclusion that they cannot possibly be accepted. The second World War led to a very great increase in the Army and in many establishments connected with the work of the Army. As is well-known, our Army had a war-time peak of 2½ million persons. This vast army led to the rapid growth of a large number of temporary offices connected with the army. Thus the Military Accounts Department expanded during war-time from a peace-time strength of about 3,600 to over 20,000. At the conclusion of the war demobilisation began and during the last two years nearly two million soldiers have been demobilised. That was inevitable and as a consequence retrenchment had to take place in various other departments which had grown with the Army and were now no longer required or could not be kept up at war-time strength.

Similar considerations apply to other temporary establishments recruited for special purposes connected with the war, and also to a certain extent for the administration of controls, which have ceased to be necessary. It is obvious that posts which have ceased to be necessary in the public interest cannot continue to be filled merely in order to provide employment for temporary government servants. If it is the business of Government to keep these posts filled, whether they are wanted or not, then the Government should not demobilise the war-time army, and indeed should provide governmental employment to all the unemployed in the country.

Nor is it possible to guarantee that a sufficient number of posts, particularly permanent posts, shall always be available under Government for providing alternative employment to the large numbers of temporary employees recruited for these special purposes. Again, appointment on a permanent basis cannot be made without reference to the basic minimum qualifications required. Many of the employees who were recruited urgently for temporary purposes do not possess such qualifications.

Government, however, fully realise the hardship involved in retrenchment, and further considered it their duty to do everything in their power to mitigate such hardships and to find alternative employment, wherever available. They have proceeded very slowly with retrenchment and have in fact kept on many employees, although they were surplus, in order to lessen these hardships. Discharged temporary employees have been made eligible for gratuity. The position of those who did not get any benefit in the form of gratuity will be further considered. Temporary service is recognised in many cases as a war service. The names of such employees are registered at the Employment Exchanges, thereby enabling their cases to be brought to the notice of intending employers, whether government or private, for consideration. Facilities have also been provided by relaxation of age limits to temporary employees to sit for examination and qualify themselves for permanent absorption in government employment, wherever this is possible. These terms compare favourably with those on which considerable numbers of surplus personnel have already been discharged.

Government are, however, anxious to bring about conditions in which every one who is willing to work is enabled to find some employment, private or public, suited to his or her capacity and qualifications. The various developments

[Pandit Jawaharlal Nehru.]

schemes, which are undertaken by the Central and Provincial Governments, will, as they develop, gradually bring about such conditions. This necessarily takes time.

Government are also exploring temporary methods of employment. A Committee is now checking up the categories of stores in various depots with a view to collect together enough general purpose tools to start the manufacture of some of the common users' stores. Government would aid and encourage the formation of cooperatives of artisans and the like, among those who are to be retrenched, for this purpose. Another possible avenue of temporary employment may be the preparation of electoral rolls on the basis of adult franchise for the general elections under the new Constitution. This will be a big undertaking, involving a vast population of adults who will be entitled to vote. The responsibility for the preparation of these electoral rolls will be largely that of the Provincial Governments, and Government propose to recommend to the Provincial Governments to utilise, as far as possible, government employees who who have been retrenched. I am mentioning two possible methods of temporary employment. Other methods will no doubt suggest themselves to the Honorable Members and we shall welcome their suggestions.

I need hardly remind the House of the events which have shaken this country during the last seven months and more. These tragic events have led to the complete impoverishment of millions of our countrymen, in addition to great physical suffering and mental anguish. These people have not only lost their employment or profession, but have lost almost every single thing that they possessed. It is the duty of Government and the Country as a whole to succour them and rehabilitate them. This is a colossal problem for any Government. Those who undoubtedly suffer because of retrenchment should remember the fate of these vast numbers of our countrymen whom a cruel destiny has hit so hard. The resources of the Government are being utilised to the utmost to give relief to these people, but these resources have certain obvious limits, and if too great and unbearable a burden is cast upon them, then the whole structure of our economy might be shattered, resulting in little or no relief and far greater unemployment.

In these circumstances, while Government will continue to do their best to assist their temporary employees, they cannot accept the position that retrenchment should be postponed indefinitely until employment can be guaranteed to everybody, nor can we agree to confirm all those who may have completed one year's service.

The House is aware not only of the vast problems and difficulties which this country has to face in its internal economy, but also of the grave international situation which faces the world. Again we stand on the edge of a precipice and no man knows what the future may hold. It would almost appear that the organised efforts, that are being made to shatter the country's economy, are deliberately meant to be related to these larger issues. For any Indian today to attempt to break down the productive and administrative apparatus of the country is the height of irresponsibility and unpatriotic behaviour. Government have repeatedly made appeal to the people to cooperate together to add to the wealth of the country and to avoid strikes and conflicts at this time of trial for all of us. They are glad to note that such appeals have not been in vain and that the great majority of the people of this country, and more specially the working classes on whom lies so much the responsibility for production, have responded to them. But there are certain groups who think and act differently and who, for reasons of their own, appear to be bent on creating trouble. That trouble will do harm to the country as a whole, but it will injure most the interests of labour.

If every Indian has a duty in these critical times, much more so is that duty incumbent on employees of Government, who by virtue of their position must be true servants of the public and must always keep the public good before them. It is deplorable in the extreme that public servants should indulge in threats of direct action, which may be directed against Government, but which must inevitably do injury to the public. That is a gross dereliction of duty and Government must take a very serious view of any course of action calculated to challenge the foundations of democratic Government, dislocate public work, and cause a breakdown of discipline among the public services. I must therefore make it clear that any public servant, who, in the circumstances which I have described to this House, joins any strike or other form of direct action, will be considered as guilty of dereliction of duty and serious misconduct entailing dismissal from service. Instructions to this effect are being issued to all heads of offices in Calcutta. I trust that Government employees of all ranks will realise their obligations and will set an example of discipline and conduct and devotion to duty, and desist from participation in any shape or form in the threatened strike. Rights and obligations go together. It is from an obligation duly discharged that rights flow. Where there is no obligation there can be no right.

**Shri B. Das:** I want to put a supplementary question. Is it permissible?

**Mr. Speaker:** The character of this particular question differs from the character of the previous question which contained request for 12 Noon statement. I should be inclined to treat this as answer for which, technically speaking, supplementaries could be put but I would not like to permit supplementaries in view of the situation and the desirability of not entering into further discussions.

#### EXODUS OF HINDUS FROM EAST BENGAL

**Pandit Thakur Das Bhargava:** (a) Will the Honourable Minister of Relief and Rehabilitation be pleased to state what steps Government have taken or propose to take to stop the haphazard exodus of Hindus from East Bengal?

(b) Has any correspondence passed between the Governments of India and Pakistan in regard to this exodus?

(c) Do Government propose to take steps to organise peaceful exchange of population between West Bengal and East Bengal?

(d) What steps are Government taking to protect, conserve and bring into India the properties of East Bengal Hindu evacuees?

(e) What is the value of properties left behind in East Bengal by the Hindu Evacuees, who, according to the estimates, number at least one million?

**The Honourable Shri K. C. Neogy:** (a) It is hoped to hold discussions with Pakistan Government on these and allied matters at an early date.

(b) Yes.

(c) No.

(d) It is expected that this question will also be discussed at the forthcoming discussions.

(e) No estimates are available.

#### GOVERNOR GENERAL'S ASSENT TO BILLS

**Secretary of the Assembly:** Sir, I lay on the table a statement showing the Bills which were passed by the Dominion Legislature (Constituent Assembly of India—Legislative) during the Autumn Session, 1947, and which have been assented to by His Excellency the Governor General.

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

### Statement

- (1) The Indian Patents and Designs (Extension of Time) Amendment Act, 1947.
- (2) The Foreigners (Amendment) Act, 1947
- (3) The Press (Special Powers) Act, 1947.
- (4) The Foreign Exchange Regulation (Amendment) Act, 1947.
- (5) The Indian Merchant Shipping (Amendment) Act, 1947.
- (6) The Indian Finance (Supplementary) Act, 1947.
- (7) The United Nations (Security Council) Act, 1947.
- (8) The Income-tax and Business Profits Tax (Amendment) Act, 1947.
- (9) The Indian Trade Unions (Amendment) Act, 1947.
- (10) The United Nations (Privileges and Immunities) Act, 1947.
- (11) The Extra-Provincial Jurisdiction Act, 1947.
- (12) The Indian Nursing Council Act, 1947.
- (13) The Delhi Premises (Requisition and Eviction) Act, 1947.
- (14) The Delhi and Ajmer-Merwara Rent Control (Amendment) Act, 1947.
- (15) The Indian Cotton Cess (Amendment) Act, 1947.
- (16) The Ajmer-Merwara (Extension of Laws) Act, 1947.
- (17) The Salaries of Ministers Act, 1947.
- (18) The Federal Court (Enlargement of Jurisdiction) Act, 1948.
- (19) The Repealing and Amending Act, 1948.
- (20) The Armed Forces (Special Powers) Act, 1948.
- (21) The Armed Forces (Emergency Duties) Act, 1948.
- (22) The Indian Tariff (Second Amendment) Act, 1948.

### INDIAN FINANCE BILL

**Mr. Speaker:** The House will now proceed with the further consideration of the Bill to give effect to the financial proposals of the Central Government for the year beginning on the first day of April, 1948, as reported by the Select Committee.

The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

**Mr. Mohd. Tahir** (Bihar; Muslim): Before moving my amendments, Sir, I beg to submit that nearly all the amendments which I have tabled are of the same nature. Therefore, with your permission I would like to make a single speech by moving one amendment so that the purpose may be served and I need not make other speeches on other amendments.

**Mr. Speaker:** He may move all the amendments at one time.

**Mr. Mohd. Tahir:** All right, Sir. I do not propose to move amendments Nos. 1 and 3 but will move amendments Nos. 2 and 4.

**The Honourable Shri R. K. Shanmukham Chetty** (Minister for Finance): Sir, on a point of order. These two amendments seek to raise the level of duty as it has been proposed in the Finance Bill, and it is not in order for private members to move amendments which will result in an enhancement of taxation.

**Mr. Speaker:** Except perhaps with the consent of the Governor-General. Has the Honourable Member obtained that consent?

**Mr. Mohd. Tahir:** No, Sir.

**Mr. Speaker:** Then, the amendments fail. If the Honourable Member wants to say anything on the clause, he may address himself now.

**Mr. Mohd. Tahir:** Sir, I want to say a few words on clause 4. In other clauses we find that the taxes have been raised on those articles which are generally used by the poor people, but I find that in clause 4 the taxes proposed to be enhanced, for instance on cars, are very little. I also find that there is one standard tax and then a preferential tax as mentioned in column 5 of the Indian Tariff Act. I must say that in realising the taxes, after the 15th of August 1947 since India has become independent, there is no reason that we should make any difference in the realisation of taxes in the case of any country. Whether it is a country like the United Kingdom or one of its Dominion, or the U.S.A. or Russia or any other country, we should realise taxes in a uniform manner and I do not think there is any reason that we should show any sort of sympathy to one country and not show that sympathy to another country. Therefore, Sir, I submit that the preference that has been given in clause 4 with regard to column 5 of the Indian Tariff Act, is not at all desirable and not fair and just.

**The Honourable Shri R. K. Shanmukham Chetty:** I have only to inform the Honourable Member that this preferential rate in favour of the United Kingdom has been retained not because we wanted to show any particular favour. We are bound under the Indo-British Trade Agreement to give this preference and until that Trade Agreement is changed we have no option in this matter, and it is in pursuance of the fulfilment of the undertaking contained in that agreement that this difference has been retained.

**Shri M. Ananthasayanam Ayyangar (Madras: General):** May I ask the Honourable Minister as to when the Trade Agreement was entered into and how long it is going to be in force? Is the Government reconsidering the position as to whether that Agreement ought to be continued or notice of termination will be given, and if so when? With reference to the context of the Finance Bill it is no good going into the matter further, but inasmuch as the matter has been raised and the Honourable Minister made a statement that it is an obligation I would like to have elucidation on that point.

**The Honourable Shri R. K. Shanmukham Chetty:** It is really a matter on which my Honourable Colleague the Minister for Commerce will be more competent to speak. I do not remember exactly the date on which this Indo-British Trade Agreement came into operation but I think my Honourable friend has been sufficiently long in the Central Legislature to have recollections about the genesis of this Agreement. It is now certainly a matter for consideration whether the time has now come for us to reconsider our trade relationship with the United Kingdom. I have no doubt that matter will be taken up for consideration in due course.

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

"That clause 4 stand part of the Bill."\*

The motion was adopted.

Clause 4 was added to the Bill.

**Shri M. Ananthasayanam Ayyangar:** Sir, Clause 5 provides for a surcharge, an additional duty, on the customs duty that is already imposed—a sum equal to one-half of such amount in the case of goods and a sum equal to one-fifth in the case of other goods. I have been repeatedly urging that with a view to increasing the output of various consumer goods in this country and to enable capital goods to come into this country, some preference or exemption from duty ought to be made in favour of capital goods. Repeated applications and representations have been made to the Honourable the Finance

Minister, but no indication has been given in the Finance Bill regarding any preference. Already there is a shortage of dollars and we are not getting any large volume of capital goods. If this preference is given, it would be an inducement to the trade. This may have been done in the Act, but it has not been done so far. I would therefore ask the Honourable the Finance Minister whether he would by administrative action, if it is possible, even today, within the limits that are permissible in the law, take steps to encourage the inflow of capital goods and give some exemption in favour of capital goods by way of exemption from customs duty.

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, my Honourable friend knows that personally I have got a great deal of sympathy with the point of view that he has urged that the machinery imported, i.e. the capital goods, should be exempted from any import duty. As a matter of fact, in my capacity as the President of the Tariff Board I invariably made such recommendation to Government in practically every one of the cases which came up for examination by the Tariff Board. But from the point of view of the general revenue position of the Government, the matter requires more careful investigation. There is, however, one factor which ought to be remembered in the consideration of this question of the abolition of the import duty on capital goods. Under our income-tax we have given a special additional depreciation allowance amounting to 20 per cent in the case of machinery newly imported. Now, this more than offsets the 10 per cent that they pay on machinery. As a matter of fact, therefore, the importers of capital goods do not suffer today. If we are to abolish the 10 per cent import duty on machinery, then we have to take into consideration seriously the question whether the exemption regarding the special depreciation should be continued, and if that is taken away, then in fact the position of the importers and the industrialists will be even worse. Therefore, these are all matters which require very detailed examination and these are constantly in my mind and I may assure the Honourable Member that I shall certainly examine this question and see what can be done at the earliest possible time.

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

"That clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

**Kasi Syed Karimuddin (C. P. and Berar: Muslim):** The two amendments, items 8 and 9 to clause 6 which I want to move are in support of the Resolution which has been passed by the Oilseeds Committee, of which I am a member. It has been the view of the Oilseeds Committee that there is a very great scope for expansion of oilseeds and vegetable oils in the world market, as there is a shortage of fat and oil, and in the opinion of the Committee for the expansion of this trade the taxation on oilseeds and vegetable oils ought to be decreased. If the Honourable Minister is willing to accept my amendments, I shall formally move them.

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, I am afraid I cannot accept my Honourable friend's amendments today. There is a great deal of demand for oilseeds and oil in the international markets of the world and we are in a peculiarly strong position regarding the supply of oilseeds and oil. Honourable members know of the almost fantastic prices we pay for the importation of our foodstuffs. We are at the mercy of these foodgrowing countries. In the conditions prevailing in the world markets today which are really the sellers' markets, I do not see why we should not take advantage of any position that we have got to get better prices for our products or to make some revenue out of our capacity to export these essential goods. So long as the

sellers' market continues in the matter of oilseeds and oil, I am satisfied on an examination of international prices that these duties can be safely borne by these commodities that are exported and that these duties will be paid by the importing countries. So long as that position continues, I think we are perfectly justified in imposing these export duties. The moment we find that we have lost this position of advantage, certainly in our own interest—in the interest of our export trade and in the interest of our growers—we will either reduce the duty or remove the duty and in actually devising the rates of duty applicable to oilseeds and oil, I have taken care to see that as far as possible encouragement is given for the crushing of the oilseeds in the country itself, so that we might create the oil crushing industry and also get the benefit of the oil cakes for various purposes. The duty has therefore been so adjusted that for an exporter, it will be worth while to crush the oilseeds and export the oil. In fact, it is with a view to emphasise this particular aspect of the problem that the Select Committee reduced the export duty on oilseeds from Rs. 200 as was proposed in the original Bill to Rs. 100 per ton. I have no doubt that in view of these considerations, my Honourable friend would not like to move his amendments.

**Kazi Syed Karimuddin:** Yes, Sir. I do not move them.

**Shri M. Ananthasayanam Ayyangar:** Sir, may I say a few words on this matter? The whole matter was considered in the Select Committee as the Finance Minister has stated, and I would like to give certain figures to convince my Honourable friend and the persons who produce groundnut as also the oil producer that the duty will not stand in the way of our articles commanding the market in the outside world.

Sir, before the war in 1939 India was contributing to the world market 60 per cent of the total consumption in the world of groundnut seeds and groundnut oil. After the war, no doubt the output has gone down. Originally, it was 15 lakhs tons. It has now gone down. The main producers of groundnut in the world, barring India which is the foremost, are the United States which produces about 10 per cent, West Africa, Nigeria, Senegal and Argentine which produces only linseed and does not produce groundnut oil or groundnut seeds. Now, all the output of Senegal goes to France. The output in West Africa and Nigeria is consumed by the U. K. Thus the entire continent of Europe has to depend on the produce from India. That is a market in which I am sure in the years to come when under the Marshall Plan the whole of Europe should be rehabilitated, there will be greater and greater demand both for our groundnuts and groundnut oil.

Now, as regards the prices in our country groundnut seed is selling at Rs. 660 per ton and groundnut oil at Rs. 4400 per ton. In the outside market groundnut seeds are selling at Rs. 800 to 895 per ton. Therefore, if a duty of Rs. 80 is imposed on seeds, the price of a ton of groundnut seeds will come to Rs. 740, leaving still a margin of Rs. 100 or so per ton.

As regards oil, the price of oil outside India is about Rs. 2,000 per ton and in India it is Rs. 1,400 and there is a margin of Rs. 600 as a matter of fact. Under a mistake in calculation in the Select Committee we thought that the Rs. 200 which was originally imposed on the groundnut oil was too much and there would be a tendency to export seeds as against oil. I find barring the figures of the ruling prices of groundnut oil in the world, I do not think that the original proposal itself would have been wrong. Anyhow the mistake is not to the advantage of the Government, but to the advantage of the industry. If amendments have been moved, they are in the direction of the object of the mover of the amendment. He wants to reduce it from Rs. 80 to 40 in the case of oil-seeds and likewise from Rs. 200 to 80 and so on. We have reduced

[Shri M. Ananthasayanam Ayyangar]

it from Rs. 200 to 160 in so far as oil is concerned; there is an encouragement to produce and to send oil and they will make a lot of profit. As against seeds, there is also another encouragement. It is better to send the oil by reason of bulk supply. If you have only tanks, it is more easy to take oil to various foreign countries. All these matters were considered including the ruling prices in the world and I hope for at least two years to come the prices will rule. Thereafter, it is time enough for us to readjust ourselves. The same thing does not bear the consideration that prevail in the case of ground-nut and ground-nut oil, and linseed and linseed oil to some extent do not seem to weigh with castor seeds.

In the Finance Bill there is no discrimination between one kind of oil and another kind of oil. Oil-seeds of all varieties are taxed with an export duty of Rs. 80 per ton and vegetable oils, whatever their nature might be, ground-nut oil, linseed oil, castor oils for these the export duty is uniformly Rs. 160 per ton. If my information is correct we are exporting about 8,000 tons of castor oil per year. That is a commodity which is wanted largely for lubricating and other purposes. We must be able to encourage the export of castor oil as far as possible.

So far as ground-nut oil is concerned, we do not know when the present tendency of the United Kingdom to grow larger quantities of ground-nut seeds in South Africa may mature. They have started already a corporation and are putting a large number of acres under cultivation of ground-nut. We may not be able to stand world competition. Therefore that source of income is likely to shrink.

As regards castor, our position in the world seems to be better, though we have not started with as much export as we have been able to do in the case of ground-nut. Therefore, it appears from the world conditions and the practical monopoly that we have for castor seed in the world, barring Argentina, that is a commodity which it is worth while pursuing. We are hard up for various kinds of hard currencies. Therefore, Sir, the Finance Minister must keep constantly in touch with the Commerce Ministry to find out what particular commodities that we produce (I mean raw products) and which are in surplus in this country may be usefully exported, so that we may earn hard currency. Had I known this difference, I would have laid it before the Honourable the Finance Minister and would have impressed upon him. I am sure he will be watching this from time to time and as early as possible, at any rate, not later than the next year and if he should think of continuing the export duties in other kinds of oil, he may not continue the export duty on castor oil and castor seeds.

I am in favour of the retention of the clause as it is and it does not call for any amendments either with respect to ground-nut or ground-nut oil and so far as these are concerned, they may be allowed to stand for a year.

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

"That clause 6 stand part of the Bill."

The motion was adopted.

Clause 6 was added to the Bill.

**Mr. Mohd. Tahir:** To this clause, Sir, there are three amendments, i.e., Nos. 2 and 3 of List No. 6 and No. 7 in List No. 2.

**The Honourable Shri R. K. Shanmukham Chetty:** So far as amendment No. 7 is concerned, that raises the duty again. I suppose it is out of order.

**Mr. Speaker:** The same rule will apply. The Honourable Member knows that he is raising the duties by his amendment, which he cannot do. So that goes off being out of order. So then items Nos. 2 and 3 of list No. 3, remain.



**Mr. Mohd. Tahir:** Sir, I beg to move:

(1) "That in part (b) (ii) of sub-clause (1) of clause 7 of the Bill,—

- (i) after the figures and brackets 'I(3)' the letter, brackets and figures '(a) (ii)' be inserted;
- (ii) the words 'at both places where they occur' be omitted; and
- (iii) the words beginning with the words 'and for' to the end, be omitted."

(2). "That in part (b) (iii) of sub-clause (1) of clause 7 of the Bill, in the proposed sub-item II(2) in item No. 9, in the First Schedule to the Central Excises and Salt Act, 1944,—

- (i) for the entry in the third column against part (i), the entry 'Twenty rupees and eight annas' be substituted;
- (ii) for the entry in the third column against part (ii), the entry 'Fifteen rupees' be substituted;
- (iii) for the entry in the third column against part (iii), the entry 'Ten rupees' be substituted; and
- (iv) the parts (iv) to (viii) be omitted."

Now, Sir, in moving these amendments, I submit that the only principle that I have followed is that those articles which are mainly used by the poor people and which are already under taxation should not be taxed further. This is the first principle and the second is that the articles which are generally used by the higher class of people, they can carry on at increased rates of taxation and there should be no objection. Thirdly, Sir, one man should not be taxed for the same article more than once, no matter whether that article changes its shape or form at different times and at different stages. In submitting this, I will remind the House that during the general discussion on the Finance Bill, objection was raised against the proposed taxation on coffee and tea.

These articles are generally used by handsome people, *i.e.*, those who are handsome in health and wealth, beauty and what not. As soon as that voice was raised here the Finance Minister reduced the taxation. But up till now no voice has been raised regarding *biri* which is used by the poorest class of people in the country, and the Finance Minister has raised the tax on *biri* and *hooka* tobacco by as much as 33 per cent. But the tax was not raised in the case of cigars and cheroots which are used by wealthy people. I gave notice of an amendment on this but it unfortunately could not be moved. I submit that if the tax on cigars and cheroots which are used by rich people is not to be raised, there is no reason to increase the tax on *biri* and *hooka* tobacco which are used by the poor people who really are the backbone of Government. These things are consumed by the cultivators and factory workers and labourers and I do not see why they should be taxed further.

Then take the tobacco growers. When they grow tobacco they gladly pay a tax on it; but when they go and purchase cigarettes, which is the same thing in a different form, they are taxed again. I see no justification in taxing a person twice for the same article. Therefore I have suggested that the low class of cigarettes which are used by the poorer classes, the tobacco growers and the labourers should not be taxed; I have no objection to the tax on the higher class cigarettes which are Rs. 35 or Rs. 40 per thousand. So I submit that the case of poor class people who use *biri* and cheap cigarettes and *hooka* tobacco should be favourably considered and Finance Minister will be pleased not to make any further taxation on these articles.

**Mr. Speaker:** Amendments moved:

(1) "That in part (b) (ii) of sub-clause (1) of clause 7 of the Bill,—

- (i) after the figures and brackets 'I(3)' the letter, brackets and figures '(a) (ii)' be inserted;
- (ii) the words 'at both places where they occur' be omitted; and

(iii) the words beginning with the words 'and for' to the end, be omitted."

(2) "That in part (b) (iii) of sub-clause (1) of clause 7 of the Bill, in the proposed sub-item II(2) in item No. 9, in the First Schedule to the Central Excises and Salt Act, 1944,—

- (i) for the entry in the third column against part (i), the entry 'Twenty rupees and eight annas' be substituted;
- (ii) for the entry in the third column against part (ii), the entry 'Fifteen rupees' be substituted;
- (iii) for the entry in the third column against part (iii), the entry 'Ten rupees' be substituted; and
- (iv) the parts (iv) to (viii) be omitted."

**Mr. K. K. Sidhva (C. P. and Berar: General):** Sir, this clause relates to the levy of an excise duty on tobacco, tea, matches and coffee. With regard to the duty on tobacco I entirely agree with the proposals of the Select Committee. I also agree about the other two items, although I have appended a dissenting note on those items. Regarding matches I feel that the Honourable Minister should have been more liberal towards the poorer class of people for whom they are a great necessity. Ten years ago we used to get a box of matches for one pice, and I can remember a time when we used to get a dozen for an anna. I do not want the Finance Minister to give a dozen for an anna, but in giving relief I submit that the poorer classes have been forgotten. He has taken care to remove the loophole about 60's and 70's which was mischievous, and the manufacturers took advantage of that arrangement. This arrangement was made by the previous Government.

To that extent I certainly agree with his views. At the same time there is no relief in that matter. Matches should have been brought down to one pice. I could have mentioned many other articles relating to the poor man, but as they are not germane to the present Bill I have not mentioned them.

There is an item which we opposed and it relates to tyres for push-bicycles. To a very large extent the lower middle-class of people and the clerical staff use the bicycle particularly in urban areas. In rural areas the villager uses it as a cheap transport and communication.

In 1946 we imported cycles to the cost of Rs. 1,99,00,000. From this you can understand what is the number of cycles used in this country by all classes of people. I would have expected the Honourable Minister to give some relief by reducing the import duty on cycles but he has on the contrary brought in a proposal for an increased duty on tyres. It may be argued that tyres are changed once in six months or once in a year. I do not agree with that because in my earlier days I have used cycles myself and I know that they can wear out in three months and sometimes tyres can go on for four or five months. This increased duty hits all the low middle-class people who have a small income. It would have been better if he increased the duty on tea instead of on push-cycles. I could have even understood it if he increased the duty on motor-cycles and motor cars. But he was not good enough to give any relief on the ground that the amount involved was very small, though he was pleased to agree to the reduction of duty on tea and coffee. Well, as I stand for the reduction of duties I welcome even this. I know that tea is generally consumed in urban areas and by very few people in the rural parts of the country. But if the question of revenue was paramount, the Honourable Minister should have given greater preference to the persons whose need was greater than that class of people who could have afforded to pay two annas more per pound on tea.

You can very well see from my dissenting note that I do not share the views of those who believe that tea is used by every man and if tea is used by every villager, then it is not a question of tea alone but the tea which is not in

any way palatable unless we use milk and sugar. If you therefore add milk and sugar to tea it becomes prohibitive as far as its cost is concerned for a poor man. City people take tea twice a day, could you expect a villager to take it even once a day, leave aside taking it twice a day? If they did their standard of living would be considered to be much higher! I know that tea and coffee is used in South India but not in the U. P., Bihar and Orissa, the C. P., the Punjab, I have no knowledge of Bengal and Assam. In Bombay it is used but that also not in all villages. Originally the Finance Minister's proposals were to bring in a revenue of Rs. 2 crores but the Honourable Minister has brought down that revenue to Rs. 1 crore. My contention that those who advocated a reduction in the duty on tea and coffee should have been good enough to have taken up the cause of the poor class of people as well. Many of my friends are champions of the peasants and the small man and I would have thought well of them if they had offered the increased duty on tyres for push-cycles and advocated reduction in matches. On the contrary, they were not prepared to go that length but they were prepared to reduce the duty on tea and coffee. Who is affected by this small increase. It is the lower middle class of people. Men like Ranga and myself are really affected. Surely he could afford to pay two annas a pound more! I know that one pound of tea can make 500 cups of tea. 500 cups of tea in a family of five, twice a day, will mean a pound of tea. And if we must need consume two pounds of tea, cannot we pay the four annas. But the Honourable Minister was very kind enough, very liberal and generous enough, to forego the whole amount but somehow due to some one's credit, one crore has been saved. I do not want to take credit for myself but I do say that if the Finance Minister had remained firm than he did, we could have given him one crore more. When we want to give him more money, he does not want it. That is the condition under which this Bill is presented to the House. I really feel, Sir, that relief to the poor man for matches and tyres should have been given.

I wish that the Honourable Minister could do something at this juncture. But I know his limitations and I know mine. He has of course greater limitations than I have, and I also know that he can go to any length even at the last stage. Even at 5 o'clock he can change any proposals if he so desires. But if anything is not possible this year, I would request him not to wait till 1949: he must consider this matter of relief to poor people and bring in a proposal for reduction during the intermediate period. He has been stating that Central Government cannot give relief to masses, it is the province which is responsible. Technically this may be correct under the present Act. But when the question for giving relief did come before this house he was not prepared to do so. In my previous speech I stated that some relief should be given or some amount be set aside for the villages, the local bodies and notified area and sanitary committees, because the provinces take away a large share of the tax and do not give anything to the local bodies who without adequate funds cannot do anything for the betterment of the people under their jurisdiction. The Honourable Minister stated that we should not expect anything for ameliorating the condition of the villagers from this Government. He said that we must go to the provinces if we want to improve their conditions. He is right to the extent so far the present Act is concerned. But my submission is that he has missed the opportunity for giving relief to the poor class of people. Under these circumstances how can I say that he stands for the poorest of the poor? When an instance came he was not ready to accede to the most insignificant item of a few thousands of rupees on the exemption of the duty on tyres. It is argued that the reduction of duty on coffee and tea has a psychological effect. But may I say that it would have had a greater psychological effect on the poor man who uses matches and cycles.

[Mr. B. K. Sidhva.]

From this point of view I do feel that I must raise my voice in this matter. We were advocating and we have been advocating and yesterday during the discussion I did not hear any Honourable Member who spoke for the interest of the capitalist: every one spoke for the betterment of the poor people, the peasant and the labourer. It is not that there are no capitalists in this House. They are on my right and on my left but they have no courage to bring forward their case here, because their case is very weak. I was however very glad that such a kind of atmosphere prevailed in the House and many stand for advocating the cause of the poor people. But I am sorry when the matter really came to brass tacks I find that they were not prepared to give relief to that class of people, whereas they were prepared to see that the duty on tea and coffee is relaxed, because they felt it would have a psychological effect...

**Shri M. Ananthasayanam Ayyangar:** How many cyclists are there in India?

**Mr. B. K. Sidhva:** Rs. 1 crore and 99 lakhs worth of cycles were imported according to the statistics in the library in the year 1946 and my friend can see from this that there are lakhs of cyclists. I am sure that the number of people who use cycles are much more than the number of people who take tea or coffee.

Sir, I shall not be irrelevant by mentioning other items but I will stick to the points which are germane to the present Bill. I have mentioned these few points and if the Honourable Minister is not able to do anything, will he let us know as to what his conception is of supporting the man for whom he feels that it is necessary that we must provide all kinds of facilities and concessions.....

**An Honourable Member:** Wait till next year.

**Mr. B. K. Sidhva:** I will not wait till then. He must tell us something in between. If some oversight has been made in this Bill he can rectify it. The psychological effect would be proved if he brings at any intermediate stage something really tangible. If he does it not only his prestige will be raised but through him the prestige of the whole House and the country will be raised. Barring my dissenting note I wholeheartedly support the Bill. I would have gone much farther in giving money to the Minister than he wanted. He has brought in this session the Estate Duties Bill. I have not studied it but when it comes before the House I will study it. In England there are Death Duties and Estate Duties; what is the difference between.....

**Mr. Speaker:** That discussion would be irrelevant at this stage.

**Mr. B. K. Sidhva:** Well, Sir, then with these words I support the Bill and I hope the Honourable Minister will not forget the points I have submitted for his consideration.

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

*The Assembly then adjourned for Lunch till Half Past Two of the Clock.*  
**Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.**

**Dr. P. S. Deshmukh (C. P. and Berar: General):** Mr. Speaker, Sir, the Honourable the Finance Minister is undoubtedly lucky in having in this House people who complain against his generosity. My Honourable friend Mr. Sidhva seems to be an opponent of tea and coffee drinkers and he grudges very much the concession which the generous-hearted Finance Minister is pleased to give them. The second point which my Honourable friend Mr. Sidhva harped upon tirelessly was bicycle tyres. I fully agree with him that this is a tax which is not calculated to bring in very much revenue while it does place an additional burden on agriculturists and the labouring population of the country. The point that struck me most was, however, the fact that the poor

smokers have been absolutely left in the lurch and there is not only no sympathiser for them in this House but everybody seems to be antagonistic to him. In the case of the smokers I would have been quite happy had the whole class of smokers been chastised. That however is not the case. My Honourable friend the Finance Minister has chosen only the cigarette smokers.

**The Honourable Shri E. K. Shanmukham Chetty:** No, Cigarettes, cigars, everything.

**Dr. P. S. Deshmukh:** I am glad that there is no caste system so far as smokers are concerned. In any case I do not know on what considerations the rise in the tax is based. While speaking about bicycle tyres my friend Mr. Sidhva waxed eloquent both on psychological and bicycological considerations. I do not know whether in increasing the taxation on smoking—the cigarettes and the cigars—my Honourable friend is trying to bring about social reform or wants that there should be a sort of prohibition introduced in India so far as smoking is concerned. Because from the point of view of getting additional revenue I fear very much that this will be a case of diminishing returns. If we compare, for instance, the present price of a tin of cigarettes which is already very high, almost a medium priced cigarette like Gold Flake will be costing us, with the sales tax, Rs. 3-3-6, which comes to more than one anna per cigarette. I have already met lot of people who have decided not to smoke cigarettes any more. I am certain, looking to the condition of our people, that cigarette-smoking will diminish a very great deal. I do not regret this fact nor do I of course want that cigarette-smoking should be encouraged. At the same time it very often happens that the diminution of one vice leads to another. I hope a similar experience does not come upon us so far as decrease in cigarette-smoking is concerned. My friend from the South (Prof. Ranga) suggests that they will probably take to snuff-taking. Probably it pleases my friends from the South that there should be more persons who would be taking to snuff because they are a large-scale tobacco growers and they probably expect larger custom for their tobacco by encouraging snuffing. I have mainly one point in view; namely, the abolition or at least reduction in the taxation on cycle tyres as well as—if it is possible for the Honourable Minister to consider—lesser tax on cigarettes. It is not very much of a luxury and the very high-class cigarettes are generally smoked only by the very rich. But since all cigarettes and cigars are going to be taxed I would plead whether it would not be possible for the Honourable Minister to reduce the tax.

**Shri Upendra Nath Barman (West Bengal: General):** Mr. Speaker, Sir, I rise to speak generally on clause 7 and particularly on sub-clauses (f) and (g), namely the raising of the tax by 50 per cent, according to the Report of the Select Committee, on coffee and tea. There seems to be in the minds of a few Honourable Members of this House a notion—and some of the members have already observed in this House that way—that tea is not used by the poorer section of the people. I like to tell the House that that is not the case. I come from a Province, namely West Bengal, the northern part of which grows tea. I have some knowledge about the Province of Assam too. So far as I know, these are the two Provinces that mainly grow tea. I have got intimate knowledge about the agriculturists and the labour population there and I can say in this House that it is the poorer section of the agriculturists and the labourers that use tea—not occasionally but use it as their daily drink. These people before they go to their fields, and the labourers before they go to the factory, drink tea in sufficient quantity—not a cup or two just as the townspeople do as my Honourable friend Mr. Sidhva said, or the handsome people as another Honourable Member, Mr. Tahir, has observed in this House. In fact they take fried rice or fried paddy along with tea, and that is their

[Shri Upendra Nath Barman]

breakfast and sometimes their lunch also. If this House proceeds with the notion that it is the middle class people or the handsome people that are going to be taxed by this rise in the excise on tea, I have the duty to disabuse their minds on this point. Another member, Mr. Krishnamoorthy Rao from Mysore spoke yesterday on behalf of the coffee users. He has certainly pleaded not for the big people or the handsome people but for the poorer section of the public in that part of the country.

It is a fact that these people have very little extra income. In fact they somehow eke out their existence day to day from what little they grow or earn, and a little burden over their already taxed income is certainly heavy in those conditions. Had it been the case that only the well-to-do people use these beverages, certainly we would have urged this House not to reduce the tax as has been proposed by the Select Committee, but the fact is quite otherwise.

My next submission to this House and to the Honourable Minister is that, as I know all the members of this House will agree, the Cabinet at such a critical time has to proceed very cautiously. There are unforeseen embarrassments which are taxing them to the utmost capacity and money is needed for the purpose of running the administration and also for the other ameliorative measures that the Government have just undertaken. But yet, Sir, these financial proposals do really indicate which way our state is proceeding. To my mind Government ought to take such measures which indicate clearly that they really stand for the poor and that they are not really taxing each and every man whether he is rich or poor. The main policy should be laid down here and how, and it should be applied as far as practicable under the existing circumstances. We have principally two sources of income—first from customs duty on import and export; and secondly our excise income, which is practically taxation of our own people. My submission is that we should try our utmost to tax our export to its maximum limit. Then as regards import, we should also raise the taxes as much as possible, keeping other circumstances in view because that is a tax which again falls upon our own people. After having exhausted those two sources, if we again need money, then we shall certainly have to take recourse to excise tax, but there should be some clear cut distinctions in the application of the excise tax method. My submission is that first of all we should tax those articles which are not really required for our existence or for the improvement of our mind or body—I mean liquor, wines, etc. They should be taxed to the utmost limit, and made almost prohibitive for a person to use them. Of course the labour population, at least in my part of the country, use simple liquors, but this also ought to be prohibited as much as possible. In my humble submission, tea-drinking is not comparable to that. These people who live in a cold climate do require some sort of stimulant. Tea certainly substitutes liquor to a great extent. Having exhausted our resources there, then we should tax the luxury goods which are not necessarily used by ordinary people and which are used mainly by people who can afford to pay for them. But we should do our utmost not to tax poor man's consumer goods. In my opinion this coffee and tea comes within the last category as I have enumerated. My second submission is that, as the Government is embarrassed and they always say that at such a time they have not as yet launched upon any definite new policy, we should be content with the taxes that these two commodities are already paying to the public exchequer. If we do not raise this tax further and drop our proposal, at least we should show to the country that really we are wedded to a policy not to tax those commodities which are used by the poorer section of our brethren, and when the time will come, we shall certainly exempt them altogether; but when we go on taxing both the rich man's articles and the poor man's com-

modities, then certainly we do not show any indication whatsoever that we are really concerned about the welfare of the poor. That is my humble submission. As regards tea, so far as my knowledge goes—the Honourable the Finance Minister certainly knows it—there are about 800 gardens in Assam and in West Bengal which are run by sterling companies. In fact they produce tea which is at least double the quantity that our Indian growers grow. Now, so far as my knowledge goes, these companies are absolutely free from any sort of taxation whatsoever under the Indian Incometax Act. If that source can be tapped after we have attained independence, then the loss of a paltry sum of Rs. 80 lakhs or Rs. 90 lakhs on the excise income is nothing comparable to the huge loss that the country is undergoing, and at the same time the Indian companies are being put to great disadvantage in their competition with the sterling companies. There are innumerable other sources for the Centre to explore for the purpose of raising revenue. Their resources are practically unlimited. Having such unlimited resources, I think that it is not fit for us to tax the poor man's commodities more and more. My humble submission to the Honourable Minister is that if he can drop this proposal of raising the excise income on tea and coffee that would give a clear indication to the country at large and to the poorer section of our nation that we stand for them. That is my humble submission.

**Mr. Speaker:** I think before the Honourable the Finance Minister replies, we should take up the remaining amendment which also deals with the same subject, so that there may be a general reply. There is the amendment by Mr. Krishnamurthy Rao, if he proposes to move it, about the deletion of part (f) of sub-clause (1).

**Shri S. V. Krishnamurthy Rao (Mysore State):** It is not likely to be accepted; so I am not moving it.

**The Honourable Shri B. K. Shanmukham Chetty:** Sir, I regret I cannot accept the amendments moved by my Honourable friend Mr. Tahir. The duty on unmanufactured tobacco used for *biris* is now nine annas and the proposal is to increase it to twelve annas. The duty on unmanufactured tobacco used for *hookah*, etc., is now three annas and the proposal is to increase it to four annas. By his two amendments, my Honourable friend seeks to omit these increases in these duties. The increase is necessary as a consequence of the heavy excise duty that we have proposed on cigarettes. Honourable Members must remember that tobacco is used for a variety of purposes and any excise duty on tobacco has to be very carefully thought out so that a proper balance may be maintained between the various categories according to use so that there might not be a diversion or evasion of the taxes.

Tobacco excise is likely to remain one of the most important sources of the Central revenues and we must do everything in our power to levy the tax at the maximum rate possible so that the law of diminishing returns does not begin to operate. I am not very much satisfied with the pattern of the excise duty on tobacco which we have got on our Statute Book. Take for example the duty to be paid on unmanufactured tobacco used in the manufacture of cigarettes. The duty varies according to the kind of cigarette for the manufacture of which the tobacco goes and the levy of the duty is dependent upon the content of the foreign tobacco in the manufacture of cigarettes. We cannot be sure whether this differential duty that we have imposed is not really being abused by the users. It is possible, and I think it is very likely, that a number of manufacturers might take from the bond tobacco by paying a lower rate of duty and using it in the manufacture of cigarette which must really mean a higher duty on that tobacco. Even in the case of the difference in duty between the *biri* tobacco and the *hookah* tobacco, there is already a great deal of abuse that has been brought to my notice.

[Shri R. K. Shanmukham Chetty]

If my proposals are accepted, the duty on the *biri* tobacco will be twelve annas per pound and that on *hookah* tobacco four annas per pound. I am told that a great many people buy the tobacco by paying only four annas by declaring that it is intended for *hookah*, and then sell it to people who manufacture *biris*; there is therefore considerable loss of revenue already. In fact, if our duty on tobacco is levied on a scientific basis, the yield must be very much greater than what it is today. This is one of the points that I have taken up for detailed and expert examination. My own idea is that we must devise our excise on tobacco in such a manner that there would be a fairly low and a fairly uniform rate of duty on all classes of unmanufactured tobacco, and heavy excises on the manufactured article, so that there may be no loophole in the matter of revenue. I wanted to introduce that system in this very Budget but on an examination I found that the whole question was so complicated that it required very careful and expert investigation before we proceeded further. My intention is to have such an investigation made during the course of the coming year so that at least for the next Budget we might rationalize our excise duty on tobacco.

After all, when you come to consider the incidence of this additional duty on the smokers of *biri* and the users of the *hookah*, you will find that the additional burden is almost negligible. I am told that a *hookah* smoker will consume about 24 lbs. of manufactured tobacco in a year. Now, to get 24 lbs. of manufactured tobacco for *hookah*, you require 12 lbs. of unmanufactured tobacco. The additional burden that I am imposing upon him is twelve annas per year or one anna per month. I am sure *hookah* smokers will not grumble this extra burden. Take again the incidence on *biris*. On a packet of 25 *biris*, the additional duty is 9/10ths of a pie. Take it roundly as one pie, and even if a person smokes one packet of *biris* a day the burden upon him will be less than two annas per month. I think that also is a burden which cannot be considered to be too great. For these reasons, I am afraid I cannot accept the amendments of my Honourable friend.

When I was listening to my Honourable friend Mr. Sidhva, I almost felt ashamed that I have lost a splendid opportunity of translating my sympathies for the poor man into practice. He pleaded very eloquently for the removal of the additional duty on cycle tyres. Well, if only he had given me at an earlier stage the statistical information that he gave to this House, namely that those who use cycle tyres are infinitely greater in number than those who use tea or coffee, I would surely have changed my mind. But now that he has given this statistical information, Sir, I will ponder over it and if these statistics are correct I will certainly change my view.

My Honourable friend Mr. Sidhva also spoke about the proposed enhancement of the excise duty on match boxes. As I explained at an earlier stage, what I have done is only to restore the duty on match-boxes of 50 sticks to Rs. 2-8 per gross which it was originally. As it is today, there is an anomaly. The excise duty on match-boxes containing 40 sticks each is Rs. 2 per gross, whereas the duty on match-boxes containing 50 sticks each is Rs. 1-12. The idea of Sir Archibald Rowlands in perpetuating this anomaly was his hope that this attractive rate of duty on the 50's boxes will divert the manufacture of match-boxes to 50's size to enable the manufacturers to sell them at half an anna per box. Now, that hope has not materialised at all; as a result of reduction of duty from Rs. 2-8 to Rs. 1-12 the price of the 50's match-box has not gone down, the result being that the exchequer lost revenue, the consumer did not get the benefit but the manufacturer got an additional gain.

With regard to these match-boxes again, my own view is that our whole scheme of excise duty is not based on rational grounds. The excise on match-



es again is another fruitful source of revenue in all modern States and we cannot afford to give it up. We must therefore rationalize the whole basis of that duty so that the exchequer gets the maximum possible duty and the consumer gets the maximum possible advantage. Today there are four different categories of match-boxes made: match-boxes containing 40 sticks, match-boxes containing 50 sticks, 60 and 80. In fact, as I showed to some of my Honourable friends the other day, match-boxes containing 50 sticks are in size smaller than the match-boxes containing 40 sticks.

The match boxes that contain 50 and 60 are both of the same size. So an ordinary purchaser who purchases a match box will not at all know <sup>3 P.M.</sup> what exactly is the kind of match box that he is buying, with the result that the consumers are being cheated. My intention is to standardize the manufacture of match boxes either as boxes containing 50 or as boxes containing 60 matches. If it is possible, my intention is to standardize the match boxes at 50 sticks and make them available at half an anna per box. I propose to insist on that standard. But if I find that it is not possible to get a match box of 50 sticks at half an anna, then my aim would be to standardize all match boxes at 60 sticks each and make them available to the consumer at 9 pies. This, again, is a matter which I am taking up for detailed examination during the course of the year and it is my intention that the Central Board of Revenue should be asked to give notice to all the manufacturers that after a certain specified date, only match boxes of a standard size would be permitted to be sold in the market. That is a very much needed reform.

There is one other plan that I have got in my mind to give the benefit of a cheap match box to the rural population without any difficulty. Some portion at least of the ultimate cost to the consumer of match boxes is taken away through commissions to various middlemen. I do not see why we should not minimise this. We have got in our Post Offices a wonderful mechanism and an organisation which is spread throughout the country in almost every village. Now, I want to examine the possibility of using the Post Offices for the sale of match boxes. Just as the Post Offices sell quinine to the common man, even so it should be possible to make some arrangement with our Post Offices so that even in the rural areas match boxes are available easily, either to the small retailer in the village or direct to the consumer at our specified prices.

**Shri Mihir Lal Chattopadhyay** (West Bengal: General): Are the Post Masters likely to get any commission?

**The Honourable Shri R. K. Shanmukham Chetty**: The Postal Department will get a commission, not the Post Masters. I am hoping that that arrangement would enable the ordinary consumer to get match boxes at a reasonable rate.

I do not think, Sir, there is any other point that arises out of this Clause and I am sorry I cannot accept any of the amendments.

**Mr. Speaker**: First I am putting the amendments to the House.

The question is:

"That in part (b) (ii) of sub-clause (1) of clause 7 of the Bill,—

(i) after the figures and brackets 'I(3)' the letter, brackets and figures '(a) (ii)' be inserted;

(ii) the words 'at both places where they occur' be omitted; and

(iii) the words beginning with the words 'and for' to the end, be omitted."

The motion was negatived.

**Mr. Speaker**: I am putting the next amendment.

The question is:

"That in part (b)(iii) of sub-clause (1) of clause 7 of the Bill, in the proposed sub-item II(2) in item No. 9, in the First Schedule to the Central Excises and Salt Act, 1944,—

- (i) for the entry in the third column against part (i), the entry 'Twenty rupees and eight annas' be substituted;
- (ii) for the entry in the third column against part (ii), the entry 'Fifteen rupees' be substituted;
- (iii) for the entry in the third column against part (iii), the entry 'Ten rupees' be substituted; and
- (iv) the parts (iv) to (viii) be omitted."

The motion was negatived.

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

"That clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

**Shri B. P. Jhunjhunwala** (Bihar: General): I do not want to move the amendments on clause 8 which stand in my name, but I would like to speak on the clause.

**Mr. Speaker:** That he can do after we dispose of all the amendments. What about Mr. Biswanath Das?

**Shri Biswanath Das** (Orissa: General): I do not also propose to move my amendments but would like to speak.

**Mr. Speaker:** Now, there are no other amendments to this clause. **Mr. Jhunjhunwala** may now speak.

**Shri B. P. Jhunjhunwala:** Sir, I had tabled amendments for the omission of sub-clauses (1), (2), (9) and (10) of clause 8 of the Finance Bill, now sub-clauses (1), (2), (8) and (9) of the Bill as it has emerged from the Select Committee. Sir, in regard to these sub-clauses I have to say that by making the amendment as has been proposed by the Honourable the Finance Minister, we are giving up the valuable right which we have got against the shareholders of the dollar and sterling companies. Under the present Act, we have got the same right of realising the super-tax from the shareholders of the dollar and sterling companies in the same way as we have got against the shareholders of Indian companies and against the resident shareholders of the Indian companies. The minimum income which the sterling and dollar companies—I mean the profit—get in a year is about Rs. 50 crores. Out of this, we get 5 annas income-tax and formerly we used to get 2 annas corporation tax and now this has been increased to 3 annas in the rupee. In the case of Indian companies, in certain circumstances this one anna additional corporation tax is refundable but to dollar and sterling companies this one anna is not refundable, though under the double taxation of income under Section 49 both half of this income-tax and this corporation tax is refundable to the sterling and dollar companies. Now, Sir, as I said before, we get Rs. 25 crores from these dollar and sterling companies by way of tax if, say, there is a profit of Rs. 50 crores. Out of this 25 crores of rupees which we get as income-tax from these companies 12½ crores is refunded. Now 25 crores of rupees remains with the shareholders. We could realise under the present law from persons whose income is more than 25,000 rupees and this rate of super-tax varies from 4 annas to 10½ annas. Sir, if I take the average figure, I might take it that we can realise at least at the rate of 6 annas as super-tax from those shareholders and out of 26 crores this will amount to about 9 crores of rupees and if it is taken at maximum rate it would come to about 15½ crores. If the present law of income-tax is amended as has been proposed by the Honourable the Finance Minister, we lose 9 crores of rupees and if taken at maximum

rate 15½ crores. This I have taken on the basis that the whole profit of the dollar and sterling companies is 50 crores of rupees. But this is only my guess work. I have heard that the income and the profit is much more. Now, Sir, it is a question before us as to why of all persons our cool-headed Finance Minister should go out of his way to give away 9 crores of rupees from our exchequer to the pockets of the foreigners. Sir, he has brought these amendments on four presumptions as is clear from the answers which he gave in the Assembly. First presumption is that the present law as it stands is absolutely ineffective. The second presumption is that it is impossible to bring any amendment in the present existing law whereby we could catch hold of these tax-evaders. The third is that even if we can get a complete list of the shareholders from the principal officer of the foreign company, in the words of the Finance Minister "the recovery of super-tax from those shareholders who may be living in the United Kingdom or the United States is an impossibility". Fourthly, he says that he is bringing another amendment whereby he wants to meet this deficit and without any difficulty. For that he has proposed one anna additional corporation tax which will not be refundable to the foreign companies and the other thing he has proposed in this amendment is that under the present law if the income of the foreign shareholder is not a taxable income, that shareholder is entitled to a refund, which according to the amendment proposed by the Honourable the Finance Minister, he is not entitled to any such refund.

Now, Sir, we have to examine all these presumptions as to whether these are based on facts or not. If these presumptions are all right, then there is nothing much to be said against the amendments which have been proposed and which are going to be incorporated in our Income-tax save and except that it will be giving a premium to big shareholders of the foreign companies whose capital will flow more freely in our country than the capital of our nationals as the tax which Indians will have to pay under the present Income-tax will be much more than the foreign big shareholders will have to pay. Of course, Sir, I have nothing to say if it is necessary for our country to bring in foreign capital and if the needs of our country so require it if we want to give any concession to the foreign capitalists we should do it, but for that, I would suggest, Sir, we can make special provision and a special arrangement with them. But this valuable right which we have got under the present Income-tax Act and under the present law, which was introduced not by our Government, but by the British Government, we should not give away without proper consideration.

Regarding the first presumption which the Honourable Minister said that it is absolutely ineffective, Sir, when he gave this reply, I had not gone through the Income-tax Act thoroughly, but after that, I read each and every section along with an Income-tax expert and we came to the conclusion that it is not only not ineffective, but it is fully effective. The only thing is that the Department has not enforced the law properly. It may be said, Sir, the companies being foreign companies, who is the man whom we can catch hold of here in India? They after all have got their branch offices here. On page 8 in definition clause 12, section 2 of the Income-tax Act it has been defined:

"Principal Officer used with reference to a local authority or a company or any other public body or any association means the Secretary, treasurer, manager or agent of the authority, company, body or association or any person connected with the authority, company, body or association on whom the Income-tax Officer has served a notice of his intention of treating him as a Principal officer thereof."

So, Sir, this is the man who is an officer in the Branch Office of every sterling and dollar and other foreign companies and the notice for submitting returns is served on this officer by the Income-tax officer. Now, Sir, under

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clause 19 (a) the Principal Officer is bound to submit a return and if he does not submit any return, then action can be taken against him under section 51. Sir, I would request the Honourable the Finance Minister to inquire whether during all these years any action against any Principal Officer was taken under section 51 of I.T.A.

Then the Finance Minister says that even if the list of shareholders is given it is an absolute impossibility to realise any money from them. When he files a return we know how much tax is due from any of the shareholders. If they do not willingly give the money a very simple amendment of our existing income-tax law or company law will be sufficient to compel these people to give us our dues; and that would be to this effect that no proceeds of the company will be allowed to go out of India unless full income-tax is realised from them. I had a discussion with my Honourable friend Mr. Ayyangar and others; I am not a lawyer and so I cannot say where this amendment should come in but the amendment in the income-tax law or company law is not impossible and can be easily introduced whereby we can catch these tax-evaders.

The fourth point made by the Finance Minister is that we shall be able to make up this deficit by an imposition of additional one anna Corporation tax. Sir, I cannot understand it unless this one anna is increased to three or four annas. As if we realise at the rate of one anna it comes to only about 3 crores out of which we have to return half. That of course is the general law as it stands. Another point is that we have not to give a refund to the small shareholders. I tried to get the figure of what is refundable to these shareholders. But that is not available and I do not think we have to refund any substantial amount and so it is not possible to know whether the presumption on which the Finance Minister is working is right or not. My request to him as well as to the House is that we should not accept these amendments for the time being; we should have all the figures before us as to how we stand and then only we can accept these amendments. I do not know the parliamentary procedure but I would like to suggest that we might postpone it, if possible. We should have all the figures examined and if we find that we are not losing thereby, I would have no objection save and except that the foreign big shareholders will have a premium over the Indian capitalist who will be investing money here. But so far as income is concerned, there will not be much objection. But if it is found that the income is less certainly these amendments should not be accepted. Further, Sir, once we have passed these amendments there will be a change in the Income-Tax Act and it will be very difficult for us to introduce and bring about this law again which had been introduced by the British Government. If we shall afterwards bring in such law it might be offending the foreigners with whom we should like to be more and more friendly now than before. So I submit that before passing these amendments introduced by the Honourable the Finance Minister the House should think over the matter and have all the facts before it. If we cannot do it in this session, we will have our constitution making session in May and we can have then a session of the legislature for a day. That will not inconvenience any one, but the change we are going to bring about in income-tax is very serious and it should not be passed without full facts and figures before us.

**Shri Biswanath Das:** Sir, you have seen that I have followed the discussions on the Finance Bill in this House, and being a member of the Select Committee I also had the privilege of discussing it, within the limited scope, of the Select Committee meeting. I have stated my objections clearly in the minute of dissent that I appended to the report of the Select Committee; and I have explained how at the mail train speed at which the Chairman was prepared to

take us. As such, it was not possible for members to place their views in a limited manner, let alone to the fullest extent. These being the limitations, I had necessarily thought that such an important question will be discussed on the floor of the legislature. But even here joint wisdom had to give way to individual decision. However that may be, I want the House to realise the implications of the step that is being taken in providing inducements for charities in a legalised manner. Serious as the implications are, I am afraid you are treading on very dangerous ground in an age where scientists and men of thought and learning have sold themselves to politicians. We inherited a culture and belong to a country which spurned material benefits, of whatever worth they might be. Read the Mahabharata, the Srimatbhagabat or the Puranas or any other sacred book, and you will not find an instance of intellect or intelligence or a cultural institution being sold for a mess of pottage. Acceptance of this principle gives the go-by to all our traditions. While we Congressmen agitated and took to direct action to free India and made the utmost sacrifices that human beings are capable of, Mahatma Gandhi wanted to build up a society on a higher and better and nobler plan. He has gone but his teachings are there to guide us and they will continue to guide us for generations to come, not only in this country but throughout the world. What is it that we are doing in the name of that great man and in the name of the freedom that this country secured from the unwilling hands of Britain? In this atomic age intelligence and intellect are running after politicians. This Bill leaves our institutions of science and culture to run after the rich and the well-to-do.

Sir, I thought that after the 15th of August, at least, a better state of things to come in and people would stop running after the favours of the rich. I must here confess, and sadly confess, that the noble traditions that we have inherited are given a go-by by our own acts, collective as well as individual. It is from that point of view that I want to place my protest on record to serve as a pointer to the Honourable the Finance Minister either now or in his next budget or in the budget of the years to come and I wish him to continue as our Finance Minister for many years, but with a changed outlook.

Sir, the ideal that he has placed before us will smash all notions of charity. Charity in this country has existed for the sake of charity alone; charity has its own benefits; charity has its own consolation and happiness; people are charitable, simply because they want to be charitable, because it gives them pleasure, because the sense of charity sustains them. To such people you offer inducements. Thereby you wipe off the very sense of charity. Charitably minded people have never thought of these inducements. I do not know how my respected friend, Dr. Vikram Dev Varma, the Maharaja of Jaipur and the Pro-Chancellor of the Andhra University will think about this proposal; probably he will shudder at the idea that he is being induced to make a donation of his next instalment of one lakh of rupees a year. I, therefore, appeal to the Honourable the Finance Minister to think in a calm and dispassionate manner the implications of the step that he is taking and the implications of the step that the Cabinet is taking. Sir, I for myself would not have accepted the budget as it is; I do feel that it is capable of much improvement even within our present limitations. But I have accepted it and I will continue to accept it so long as he occupies the seat of the Honourable the Finance Minister in our Cabinet.

**Shri M. Ananthasayanam Ayyangar:** Is it as an obligation to the Finance Minister.

**Shri Biswanath Das:** It is not a personal obligation, it is an obligation to the country and loyalty to the party that makes me do so. For myself I cannot find any distinction between the Ministry and the party, one is the mouthpiece of the other. That being the position, I would appeal to the

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Finance Minister to think twice before he decides upon this course. I would beg of him to consult his old mother whether she would not shudder to think of inducements for making charity. Sir, charity flows from the heart. I would shun any material inducements for charity and particularly that charity which goes to support scientific, cultural and technological institutions.

Sir, the greatest misfortune about the whole affair is that hereafter the sense of anonymity will disappear absolutely. I well remember of my father, uncle and grandfather, how they would not disclose even to their nearest and dearest ones the charity they were proposing to make. Charity is anonymous; charitable persons remained unknown. Now my friend wants to put two limitations on this charity. The first is the inducement. He induces people to offer charity. Secondly he has prescribed the conditions for the purposes for which donations are to be made. I would plead and argue with him that it is not a desirable measure and I would beg of him to consider hundred times before he makes up his mind finally.

Sir, the alternative suggestion that I have placed before him in my resolution will suit his purpose admirably in securing the money required for financing our cultural and scientific institutions and at the same time would keep the donors anonymous. It would also enable money to flow into a separate fund. Mahatma Gandhi was the biggest beggar that a man ever came across. Under my proposal the money would come into a pool from where it could be diverted into different charitable institutions.

**Shri Ramnarayan Singh (Bihar: General):** You want Government to be a beggar?

**Shri Biswanath Das:** There is nothing wrong in it, provided that money is utilised for advancing culture and science. Of whom does it beg? It begs of its own people and the citizens who constitute the State. Therefore, there is no harm if Government decides to beg. In these circumstances I claim, though I submit to the Honourable the Finance Minister's superior wisdom, that there is force in the suggestions that I have placed in the shape of an amendment and I would appeal to him to consider the same.

Sir, let me state it here that some Honourable Members stated that we have accepted the budget with full approval. It must be realised that the Select Committee of this House has no power, under the existing law, to bring new provisions not contained in the Finance Bill. Speaking for myself I could have suggested a number of other items for taxation. In fact my constituents from Orissa and Calcutta have indicated to me various other alternative suggestions which would have brought us enough money. But as I state that we are placed under limitations accepting those limitations and within those limitations we have to work. I therefore appeal to him to consider the suggestions that have emanated from various sections of the House in the light of the experience gained and the decisions that he and his colleagues would reach.

With these words, I appeal to him again to reconsider his position.

**Shri Upendra Nath Barman:** The first speaker on this point mentioned that we can have three annas Corporation tax on companies and also give a rebate on Indian companies. I do not really follow how the sterling companies can come under it. Apart from that, so far as I know, there are sterling companies which do not pay any income-tax whatsoever. I hope that the Honourable the Finance Minister would correct me if I am wrong. There are sterling tea companies in our part of the province who directly ship their products to London. They do not sell their tea in any province in India and under the existing Income-tax Act, unless the income accrues, or is received within some province of India it does not come within the purview of the Income-tax Act.

When my Honourable friend mentions that out of Rs. 50 crores of income made by the sterling and dollar companies, Rs. 25 crores come to our coffers. I verily doubt whether he includes these tea companies who make their shipments to London and do not sell any quantity of their produce in India. I would like to be informed on this point by the Honourable the Finance Minister.

**Dr. B. Pattabhi Sitaramayya (Madras: General):** I am just tempted to say a word after hearing Shri Biswanath Das on charity. He has been trying to recall the ancient ideals of charity in which the left hand does not know what the right hand doeth. But recently those ideals have been changed altogether. During the 150 years of British rule, charity has been the means of securing titles and now titles have been reduced to money value in our Government. Titles have been abolished by our Government and therefore in their place, those who give charity must get something and they get a rebate on income-tax. That is how I look at the problem in rupees, annas and pies. A most extraordinary ideal! I cannot conceive how it has got into the brains of any financier that money given in charity should be exempt from taxation, and whether it is meant to induce charity or to put a premium on charity, I cannot understand it. I would rather interpret it as an award for charity, an appreciation of charity, and not an inducement to charity.

Now, Sir, charity covers a multitude of sins. That is the old adage and my real apprehension is that under the cover of this clause a lot of iniquity is likely to incubate, and one day we shall reap the reward of our possibly good intentions but bad plans. I am afraid, Sir, that one day this charity might canalise itself along party channels and might replenish party funds. Well, as a man who belongs to the party that has an overwhelming majority, perhaps I should have liked it. But a little bit of conscience still remains in us, and even if honesty is the best policy, apart from its being a virtue, we must visualise those days also when a particular party may not be in power. Then we shall rue the results of what we have done now.

Altogether, this seems to be a new line of procedure, not likely to bear good results. But apart from that, perhaps on this the last occasion on which it is open to any member to speak in regard to the budget—and we have been speaking so long and so often and at so many stages—I find that we have been trying to swim in a network of waters,—in a network of creepers spread upon waters which have been left behind by the British people. This kind of budget formation appears to baffle all examination of principles on which it may be based. It is the growth of centuries in England, and whether we shall be wise in copying this method in framing our budgets is more than I can tell.

But I see ultimately that there is a Legislature consisting of 320 to 330 members or thereabouts, the quorum of which is 33. Yesterday I counted a strength of 24. I wanted to rise to a "point of quorum" but I thought I should not embarrass the speaker or the Finance Minister, or the budget, or the House or our reputation as a new Government: and therefore I waited and counted later and it rose to 33 with great difficulty. What is this Legislature? Is this the way in which we conduct our business in which crores of money is being disposed of and not one-tenth or one-twelfth of the total members is present and there are 120 members drawing their allowances! (*An Honourable Member*: "We follow the House of Commons".) Therefore, whether you follow the House of Commons or the House of Lords—better to follow the House of Lords because its quorum is only three: the House of Commons has a quorum of 40—let us follow some commonsense and good business principles and not do things in this perfunctory manner. The speeches when reported appear sound and solemn and serious, but when one sits here and follows the proceedings, one is filled with an overwhelming sense of sorrow and regret at the levity with which we transact our business, especially in money matters.

[Dr. B. Pattabhi Sitaramayya]

After all, the Government of a country relates to money; nothing else. I am rather particular in exacting an account for the sixteen annas in the rupee and the twelve pies in the anna, and have been severely criticised by my comrades and fellow-workers in the Congress for being meticulous to the point of being self-righteous! The point is this. This is all money and nothing else and so I would like that better attention was given, that we should sit together and evolve a new system of framing the budget. What does the present system come to? In the last analysis it comes to the unbridled, unrestrained will and pleasure of a single member who happens to sit in the financial chair. I mean no disrespect to our respected Minister. I quite like him. I like his sobriety, his reasonableness, the nonchalance with which he meets criticism, and the very telling manner of his repartee and rejoinder, his light banter and persiflage, his occasional diatribe and vehement attack. All this is a matter of personal regard. But the way in which we are framing the budget appears ultimately to be the will and pleasure of one individual. What happens? Here we have a legislature in which one party carries the biggest majority, so unchallengeable and so comfortable that the members need not be present at the meetings. Secondly they conduct their transactions by subjecting all questions to a party pre-examination but as budgets cannot be examined beforehand, they are left to the executive. When the executive does the job things are talked about only after they have been duly framed. Once they have been framed the Finance Minister naturally feels that his increases and decreases should not be materially interfered with. We might cut off an anna here or raise an anna there but we have got to keep the framework of the budget as it is. I wish some endeavour would be made to reorganise our budget. It is not for me just now to hazard a new scheme but I dare say that the House would address itself to a more simplified and a more effective and more practical way of dealing with the budget.

**Shri M. Ananthasayanam Ayyangar:** Sir, with all respect to our friend Dr. Pattabhi I have to say that a departure has been made in the manner in which the budget was presented to the House and the Finance Bill has been treated. It is true that two years ago when Sir Archibald Rowlands was here for the first time in the annals of the Finance Bill in the Budget Session he accepted certain amendments on the floor of the House. Last year Mr. Liaquat Ali Khan who presented the budget and the Finance Bill agreed to certain amendments. But this year you would see a notable departure and it is a very wholesome departure, viz., that the entire House has been taken into confidence. The Honourable Finance Minister himself came forward with a reference of the Bill to the Select Committee. That is a landmark in the history of the Parliament and it is a very useful landmark.....

**Shri Ramnarayan Singh:** It is not a revolution.

**Shri M. Ananthasayanam Ayyangar:** We cannot sit and revolve nor revolve and sit. Revolving and sitting cannot go together. After all revolutions the pot has to come down. After all revolution is not an end in itself. It has a purpose.

I have not risen here to support all the various proposals that have been placed by the Honourable the Finance Minister. As my Honourable friend Dr. Pattabhi Sitaramayya said crores are disposed of and the welfare of the whole country, rich and poor, young and old, industrialists and professionals alike, their fate is hanging in the balance in the coming year. As the Finance Minister said, last year the budget of Mr. Liaquat Ali Khan practically destroyed our industries wittingly or unwittingly. Therefore it is open to a



Finance Minister to destroy the balance economy of any particular country. In the light of this I agree with the remarks which fell from the lips of Dr. Sitaramayya. A larger number of members must have been present here. On other occasions you may or may not be present. It is unfortunate when on this Bill where we can speak and address ourselves to all departments of the State except one solitary Minister, the Finance Minister, who cannot even leave his seat, the other Ministers are not here. Naturally any person is entitled to expect that the Ministers would be in their seats. We are 300 and odd millions in the country who are represented by 300 members in this House. Out of them 16 Ministers are there and 16 and odd on this side and between them they represent 300 millions! It is disgraceful. We cannot deliver the goods. Collective wisdom is the safeguard of any democracy. Healthy criticism is necessary and it is open to any particular party to overthrow the party in power. We have lost that safeguard. The Finance Minister is answerable not to the benches here but to the larger public that stand outside. I entirely agree with Dr. Sitaramayya that unfortunately we are not realising the responsibility that has been thrown on our shoulders. All the same we have tried our best. Though the members present here are 125 according to the register, not more than 30 or 40 are here. It is rather unfortunate but I would say that in spite of this sufficient thought and attention have been bestowed upon the financial proposals.

It is true that the Finance Minister was obsessed with the idea that the financial proposals of the previous year destroyed the economic stability of this country and so he might have wanted to swing the pendulum a little to the other side. I think all his proposals have been motivated by that one desire. It cannot be denied that we must industrialise our country. For 150 years our British rulers wanted to keep us merely as hewers of wood and drawers of water, mere producers of the raw materials for their factories and also to provide the markets for their finished goods. We want to change over from this agricultural economy to an industrial economy. Some of the proposals are well conceived. I do not challenge the *bona fides* with which they have been conceived. Here and there he might have leant unduly to one side but it is up to us to differ from him. It is in that spirit that I view the Finance Bill that has been placed before us.

The Honourable Minister has said that this will give a filip to the industry.....

**Shri B. Das** (Orissa: General): A very small filip.

**Shri M. Ananthasayanam Ayyangar**: Inasmuch as I have been provoked by my capitalist friend without capital I shall tell him that whatever we might do, even if the Finance Minister had gone to the extent of giving not 1/10 or 1/20 but cent. per cent. exemption from income-tax my friend on the other side would not be satisfied. That is the attitude which I found in the Federation of Chambers of Commerce.

These are all various inducements. During the period of the war the E. P. T. was imposed. After the war the business profits tax was brought into existence in the place of the E. P. T. Even in the U. K. the E. P. T. was reduced by 50 per cent. and in the next year it was allowed to disappear from the statute book. Our friend Mr. Liaquat Ali Khan brought into existence the business profits tax and made it a permanent feature. That destroyed the economic equilibrium. Industrialists somehow either took advantage of it or really they found it stood in their way. It is but right that we should encourage the industries and we should say that the business profits tax has been reduced from 16 to 10 per cent. and they should go ahead. My friend from the Chamber of Commerce will say that the business profits tax ought to be completely removed, it ought not to be put on the statute book, it should not be imposed at all, otherwise we are not going to produce. They cannot

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go on in this strain. It is their good luck that they have as Finance Minister one who wants to change the agricultural economy of this country. A revolution will come in. My friend Mr. Ramnarayan Singh was a little premature when he wanted a revolution. The Honourable Minister has provided in various ways and forms persuasions to the industry to go on and produce more and more. If they relax their efforts or do not exert as much as possible, surely a revolution will come in the form of their being displaced in the industries. We are quite competent to take charge of the industries.

4 P. M. The persons whom we have to serve are the mute public—the three hundred and odd millions. All of us are servants in some capacity or the other, and each one is bound to serve for the cause of the three hundred and odd millions. If it is a question of taxing all the three hundred and odd millions for the purpose of benefiting the rich man let us get rid of the rich man. There is no harm in that.

[At this stage Mr. Speaker vacated the Chair which was then occupied by Shrimati Ammu Swaminadhan (one of the Panel of Chairmen).]

I shall show what other inducements have been given to them. They have earned and unearned income. Even before I go to that, so far as companies are concerned, smaller companies have been given a kind of concession which hitherto they have not had. This concession unfortunately falls not upon the Centre but upon the Provinces. My Honourable friend the Finance Minister was very liberal with another's money. Income-tax has to be shared between the Centre and the Provinces. Corporation tax cannot be divided under the existing law; it belongs exclusively to the Centre. When a company pays super-tax, you may call it super-tax but it is really the corporation tax. The corporation tax over a company was hitherto two annas. Now it is three annas with a rebate in favour of an Indian company. Income-tax itself is five annas in the rupee at the maximum rate which every company is bound to pay. In his budget proposals the Finance Minister has divided the companies into small companies and big companies. A small company is one whose profit is Rs. 25,000 and below in a particular year; the other company is one which has got something more. The bigger company is to pay the tax at the maximum rate of five annas in the rupee. The smaller company is asked to pay at the rate of 2½ annas, that is, 50 per cent. of the tax. He wants a number of small companies to come into being. During the war the big companies were developed. But today in the capital market money is not available. The Finance Minister knows that it is difficult even for treasury bills to sell and much has to be under-written by the Reserve Bank. And this kind of inducement has been given. I do not agree that this inducement is necessary if he takes over all the banks and nationalise them. They know where the shoe pinches. Even before the scorpion stings they raise a cry. The mother will come and kill the scorpion. But the industrialists are crying in advance. They are not stung at all. All the same he has said let them have the benefit. The smaller companies are asked to pay 2½ annas in the rupee instead of the five annas which all companies had hitherto to pay irrespective of the fact that they were big or small companies. And the five annas was to be shared between the Provinces and the Centre. Now the 2½ annas is to be shared between the Provinces and the Centre. I am sure the Finance Minister with his large experience of parliamentary work and in this House—I believe every seat may have its own anecdotes about the Honourable the Finance Minister—would have consulted the Provinces and induced them to give their consent. I do not take the side of the Provinces and quarrel on that subject. I am referring to this only to show that the Finance Minister has scraped sufficient money even from the nation-building services, starving the Provinces, and throwing it on the heads

of the small or big companies. Still our friends having a conference in the Imperial Hotel are not satisfied. They perhaps want him to give them something more. Is he to give it from his pocket?

If my Honourable friend Mr. B. Das wants something more, another inducement has been given. The companies have been divided into small and big companies. Who are all the small companies? Is there any chance of their increasing production? They are the many small companies—mushroom companies—that have come into existence who will come and ask for export quotas and who will put my Honourable friend Mr. Bhabha into trouble. There has been so much talk of corruption and bribery in respect of export quotas as if my Honourable friend Mr. Bhabha himself looks into the ten thousand applications that come to his Department. A man starts a company with a capital of Rs. 10,000 and asks for a permit for the export of jute and never in all his life would he have seen jute or hemp. My Honourable friend wants to encourage small companies and for that  $2\frac{1}{2}$  annas in the tax has been reduced. That is his intention. But I would like to say that he should safeguard the interests of the country and see to it that these companies start new industries and provide us with those commodities of which we are in short supply. Then I do not grudge it.

There is one other concession that he has given. That is in regard to charity. So far as charity is concerned we have not given remission retrospectively. It is only an inducement for charity hereafter, that is, on and after 1st April 1948. If somebody starts an enterprise for charitable purposes it will be given remission. The small company never dreamt of this kind of remission. All the same he has given it. But there is no good promising something in advance; he may or may not be there next year. So he has now conferred another boon: he has reduced the tax on the smaller companies. But my friend Mr. B. Das wants more. For living he must give a concession; for charity he must give some concession; for his industry he must give some concession; and for his younger brother he must show another concession! The Honourable the Finance Minister provided another concession in his Finance Bill. Do you know, Madam, what it was? It was exemption for even taxes paid on buildings in municipalities. This is one other source of drawing off money for the purpose of buildings. He does not understand. In his anxiety to help them in a righteous cause so that they may put up plant and machinery and produce more goods, he wanted to do that. If there is this exemption they will embark upon drawing off money so that they may get exemption from taxation. Fortunately, since he accepted an amendment in the Select Committee he has given it up. If they prove this is true it is possible he may revive it. He even threatened once, but I am glad.....

**Shri T. T. Krishnamachari** (Madras: General): It can be done in an Amending Bill!

**Shri M. Ananthasayanam Ayyangar**: This itself is an Amending Bill. Madam, I am halloing before I am out of the woods. This is the fourth concession, that is, regarding profits deterrent. What about the consumer? People refer to my size and say if I represent the consumers they are all well off. I wish all of them are like me. I would say there must be further inducement to plough-back the profits. There has been a repeated complaint that these industrialists have been declaring enormous dividends out of their profits. Some declared 22 per cent. dividend. There are the Tata Deferred shares. The original share value of Rs. 30 has been raised up to Rs. 2,250. It depends largely upon the dividends declared. Today it has gone down to Rs. 1,600 and odd. With a view to discourage the declaration of enormous dividends which has got the effect of making some people rich by drawing off capital instead of the profits being ploughed back to the industry, the previous Government—the predecessor of the Finance Minister—imposed a penalty.

[Shri M. Ananthasayanam Ayyangar]

He said "If you declare a dividend beyond a particular amount, for all the excess dividend you declare, you will have to pay a particular penalty". That was a sufficient deterrent. Nobody paid the penalty and it had its effect. The Finance Minister thought that there ought not to be merely a deterrent but there must be a positive inducement. He has given a rebate of one anna for all the ploughed-back profits. I have not the time or the secretariat with me to work it out. If I had, I would have shown that these gentlemen whom he is anxious to please, so that he may get still more goods and industries for the country, are walking away with Rs. 58 crores. Possibly it is an exaggerated amount. I already find my Honourable friend the Finance Minister winking at me. Madam, these are the concessions that have been given to these people. The purpose of the inducement may not after all be served. Three or four years later it may come back in the form of a bonus, in which case all the efforts and the sacrifice of the poor man would have been lost. Let me not be a pessimist. I hope within the year the industrialists will find advantage. I find so much of enthusiasm. Let that enthusiasm be translated into action.

Now, Sir, he has not only been charitable to our people here, but has been charitable to our erstwhile rulers also. My friend Mr. Jhunjhunwala very ably referred to a matter which no doubt is somewhat obtruse. The matter is this. There is a foreign company registered in England which carries on business here. It makes profits. Any person who makes profits at our expense here is bound to pay income-tax to this country. Now we shall take a company which is registered in England and makes profits here and the shareholders are in England and other countries. So far as income-tax is concerned, income-tax is deducted at the source by way of companies tax at 5 annas in the rupee, the maximum rate. Those shareholders, if their income is above Rs. 25,000 a year, may have to pay super-tax also. That depends upon their world income. On the basis of their world income they have to pay super-tax on their income here. That has been done away with. The reason that has been given is that in spite of our best efforts we have not been able to get the names of foreign shareholders. There is one other provision, which has been taken advantage of both by the government and also by the shareholder. A shareholder who has not got taxable income can ask for a refund of 5 annas in the rupee that is deducted at the source. Government also can recover super-tax from those persons who are liable to pay super-tax. Till now in spite of the provisions that we have in the Statute Book and the Income-tax Act, we people have not been able to collect super-tax, but all the same they have been obliged to pay off refunds to those other shareholders in foreign countries. I understood from a very reliable authority, who was himself in charge of this administration in Bombay which deals with the payments to foreign shareholders, deductions or refunds, and also with the collection of super-tax, that more often you have to pay refunds than you are able to collect. No doubt by taking stringent measures we may be able to withhold all the profits in this country and refuse to allow them to take a pie until they give a list of all their shareholders and their income—not only the dividend that is distributed, but also the real income. We can coerce, but at very great cost we may not be able to succeed. Already I learn that the High Commissioner for the United Kingdom in this country is protesting against a change to this effect in the Income-tax Act. Having regard to the fact that the refunds may in some cases amount to a larger figure than the super-tax that we may be able to realise, I am not prepared straightaway to condemn the measure adopted by the Finance Minister. We shall give him a fair chance this year; but the unfortunate thing is that even his own office is not able to furnish him with particulars, nor furnish me and any other member in this House with particulars as to what is the incidence

of this taxation: If we accept this amendment, what is it that we lose: or if we do not accept this amendment, what is it that we gain: what is the amount of refunds that we were paying hitherto to foreign shareholders which by this amendment we will retain, and if we do not have this amendment, what is the extra super-tax we will collect? Balancing one against the other, we will then be in a position to find out whether this amendment is justified in the circumstances or not. Statistics are wanting. If there was only a white man sponsoring this Bill, we would not have given trouble to you, Madam, to sit even this afternoon. We would have thrown away the Finance Bill even at the first sitting. Our Leader would have made a speech but torn the Finance Bill and thrown it at the face of the Finance Minister. But a dark man has taken the seat of the white man and we are keeping quiet. We do want that he and his office must be more alert, and place all the records before us. I am sure he does not want to embrace the white man and that we should give him our money for that. We are here to scrutinize calculations. He will certainly admit that the members of the Select Committee were very useful to him. We may or may not have agreed with him on all points, but every member contributed his mite to the discussions. He was also good enough to accept some of the amendments. There was a spirit of friendliness and cordiality. We felt we were one trying to help matters except in some cases where he tried to get the rich man come out and give more money. We will give him a year and see if these gentlemen satisfy his expectations. Mr. Jhunjhunwala took a lot of pains to study this matter, prepare memoranda and he went through section after section. He is right, but I requested him and I requested also on behalf of the administration. The Honourable the Finance Minister said it may be more useful to us and therefore we are obliged to Mr. Jhunjhunwala for not having pressed his amendment to the vote for which he has got every justification. We will wait and see. If this amendment that has been introduced this year is not satisfactory, we will go back, scratch this amendment from the statute book and go back to the original position.

As regards charity, I would like to say one or two words. If a husband and wife, after ten years of married life, do not have a child, they will say 'I will dig a well: I will feed so many children: I will give education.' If a child is born dumb, the father says 'Oh God, give the tongue to the small child, I will have a school constructed.' Now we have imbibed much the materialistic civilization of the West and what is the good of blaming the Honourable the Finance Minister? The sun shines. Before the sun rises, the rays are already there. Likewise possibly it is a change-over from the spirit of service and sacrifice for which the East has always stood. It is said in Ramayana that Kalidasa said the ancient kings acquired wealth for the purpose of *tyaga*. The *athithi* who comes to my door is God himself. Am I to say 'I am expecting a remission from income-tax from my Honourable friend Mr. Chettiar, wait till then: I will give you a morsel of food.'? I do not accuse him. The big men get hold of him and importunate before him, and ultimately they get their concession. Of what avail is it? We do not do charity for its own sake. But there are a host of other people who put one more cup of coffee into the mouth of the Finance Minister and not give a morsel of food to the hungry mouth. That is the unfortunate thing. We have given up real values. False values have come to this country. The man who has given every pie to charity and has become a recluse today has lost his place in this country. I would say to those persons who have made wealth and not given money to charity, let them go to the Reserve Bank of India and in front of the iron safe prostrate and say 'Govinda, Govinda'. We have lost real values. That is not the civilization we want in this country. I do want a spirit of sacrifice in this country. If I obtain some wealth, it is for the

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purpose of distributing it. I shall not be satisfied until every other mouth is fed. That is the kind of culture that we want.

That is the kind of culture that my Honourable friend should inculcate in the minds of the others who are there. I am pleased with the looks of those richmen—I am not sorry; but at the same time I would request them not to use this concession on their part. My Honourable friend the Finance Minister has shown a sympathetic hand to them; he is prepared to give them this concession—it is up to them not to receive that concession. (*An Honourable Member*: "They will not"). If they do not, it is all right. But if the consideration is that the man who has not got children may have children, if he receives this money he will not have children; if he has dumb children and he wants them to speak, if he receives the money the children may not speak. But in spite of that let them speak. Why should it go forth from me as a curse?

I entirely agree with my Honourable friend Dr. Pattabhi and with others who spoke, that this charity exemption ought not to have been given, and least of all from this country. My Honourable friend the Finance Minister, if we have the patience to hear him, will certainly quote the instance of Australia, the United States of America and other countries where for charitable purposes remissions have been given. But we have a different culture. Here, though it is a rich man's house it is the poor man's photograph that is kept. In my house, upstairs and downstairs we have all his photographs. We have always worshipped that man who has always sacrificed—the poorest of the poor. But there, the man who lives in the sky-scraper, that man is worshipped in that country. I do not want, with all respect to my Honourable friend, to bring in that kind of materialistic culture into my country. I would sacrifice my life for preserving the ancient tradition. But this measure after all is only for one year and it is still up to him to change it next year.

Then, on the unearned income, Madam, you will see a very wholesome principle was introduced: if I earn through my own labour some money, the tax that I have to pay must be naturally less than the tax that I have to pay on property for which I get interest which I do not earn—I invest and some other man toils and pays with interest—that is the difference between earned and unearned income. Why should you remove that difference? My Honourable friend will certainly be up against me and say, "After all what is it? I merely said, it is something like a child which goes on weeping and you show a plantain. There is really no difference." And if there is really no difference, why should he put himself to this trouble? Anyhow he has done so; any criticism will only be a cry in the wilderness.

I am taking the opportunity of accusing my Honourable friend the Finance Minister only to show him that this Finance Ministership has put him to all this inconvenience for the purpose of enabling those other magnates, those important men in this country, in whose hands—unfortunately he is under the impression—the entire country has to be dedicated, for the purpose of improving the economic life of this country. I am sure he will get converted next year; he will become the socialist of all socialists. "Spare the rod and spoil the child" will apply to them; whatever concession you may give they are not going to produce more. I am sure we will claim my Honourable friend as the first Socialist Finance Minister of India. Let him have, therefore, whatever he wants this year; let him exhaust all his remedies to pull this country up by encouraging the industrialists.

**Shri Ramnarayan Singh:** Is it not that the present proposals are only for one year?

**Shri M. Ananthasayanam Ayyangar:** Yes, unless we make him a dictator, a Hitler, naturally at the end of the year he has to come before us.

I have already taken up your time, Madam, and will therefore take another opportunity for further remarks. Clause 8 refers to certain amendments of the Income-Tax Act. One portion refers to the taxing of the profits, the dividends paid to foreign shareholders. Another portion refers to exemption from income-tax of donations that have been given. A third portion continues the same arrangement so far as the earlier one is concerned. I have much pleasure in supporting the clause as it is. The Honourable the Finance Minister must be allowed freedom to bring in a mixed economy as he thinks, and according to him *bona fide*, which he believes will pay. We are doubters. Anyhow let him succeed; I surely will be too glad; but if he does not, I hope he will be the first to join the ranks of my Honourable friend Professor Ranga.

**Shri C. Subramaniam** (Madras: General): Madam, I had no intention of intervening in today's debate, but my Honourable friend Mr. Ayyangar referred to a subject which has been agitating my mind for some time. He mentioned with a certain amount of satisfaction that it was Sir Archibald Rowlands who for the first time agreed to certain amendments on the floor of the House, and later on Mr. Liaquat Ali Khan also agreed to certain amendments moved on the floor of the House, and that we have moved a step further and a revolutionary step has been taken in the Finance Minister agreeing to refer the Finance Bill to a Select Committee. I do not know, Madam, whether we are progressing in the right direction—I have got my own doubts. In approaching this problem we are faced with the present set up of the Legislature and also the Ministry. In the Legislature the Congress Party has got a majority which is over-whelming, and in the Ministry not all are Congressmen, there are outsiders also and the Finance Minister happens to be such an outsider. Naturally, we Congressmen view with a certain amount of suspicion whether after all he would carry out our policy, whether he would carry out our programme in framing the Budget. Therefore, naturally we feel glad when we are given an opportunity, by the formation of a Select Committee, to introduce amendments to change the proposals made by the Honourable the Finance Minister in his Budget, so that it might conform to our policy and to our ideals.

Madam, this problem should be viewed not in the present set-up, but how this system would work in the future also. These budgetary proposals, especially the financial proposals, are kept a dead secret in every country. We know, Madam, how in Great Britain a Finance Minister had to quit office because he disclosed the budgetary proposals just a few minutes prior to his speech. Secrecy, Madam, is necessary because these taxation proposals affect so many vested interests and if they come to know of these proposals beforehand very many consequences are likely to follow; they might take advantage of those disclosures and they might manipulate and adjust things according to the proposals which are to come later on. It is only in that view that the budgetary proposals are kept a close secret. Till the Budget is disclosed on the floor of this House, there is a lot of speculation going on as to the nature of the budgetary proposals, and according to the guess-work the market also is affected.

So there is a certain amount of uncertainty and speculation before the Budgetary proposals are placed before this House and when it has come out we see the reaction in the market. We found the reaction this year also. Share markets were going up in the expectation that certain proposals would be made by the Finance Minister. When they found that those expectations were not fulfilled, there was a reaction—Shares went down. Thus, there is one period of uncertainty till the Budget is disclosed on the floor of this House. We introduce another period of uncertainty again, when we agree to have a Select Com-

mittee Once a Select Committee is formed, certainly the Select Committee is bound to make some changes. In the meanwhile, another period of speculation goes on as to what changes the Select Committee are likely to make. In that way, there is a chain of uncertainty and speculation.

Apart from this, Madam, there is another thing also which we have to bear in mind. It is all right this year. The Select Committee have made very good changes. I agree. But suppose next year a Select Committee is formed and some vested interests begin to work. Suppose some outside influence is brought to bear upon the Select Committee. How will it work then? I do not know.

**Prof. N. G. Ranga** (Madras: General): Influence can be brought inside the House also.

**Sri C. Subramaniam**: I will come to that.

There will be a certain amount of lobbying when you have appointed a Select Committee. I am only thinking aloud. I am not saying what is done is absolutely wrong, or what was done before was absolutely right. It is for experienced legislators, after taking into consideration the pros and cons, to come to a decision later on. After all, this year we have adopted this procedure and we have passed through the Select Committee stage. In my opinion, a certain amount of lobbying and the canvassing by vested interests is inevitable.

**Mr. R. K. Sidhva**: They are already busy. It is not going to influence any honest member.

**Sri C. Subramaniam**: I hope so. This time it has not happened. I hope it will not happen next time. But we should look to the future. After all, we have to set up good traditions. We are building for the future. So what would be the effect on the future is also a point which we should bear in mind. Honourable Members need not think unnecessarily that I am criticising one or the other, or that I am casting aspersions on any particular member of the House.

Then, Madam, it was mentioned by an Honourable friend that after all, influence might be brought in here, inside this House, also to bring in amendments and change the tax structure. Now, that matter is not so serious as that; unless we are prepared to throw out the Budget; unless the Finance Minister is prepared to accept the proposals made here, that would mean the throwing out of the Budget and throwing out of the Ministry. Whether any party would be prepared to do that or not will depend upon the circumstances then existing, and that would be a very difficult matter.

There is another difficulty also. The Finance Minister, when making the Budgetary proposals, if he has in mind that later on a Select Committee is going to be formed and when a Select Committee is formed, just to please them, they should be allowed to make certain changes, then in framing his proposals he would be induced to pitch his rates a little higher so that later on he may please the Select Committee. As a matter of fact, the Honourable the Finance Minister when he was replying to the debate, the other day said about the maximum limit of taxable income: "I wanted something at least to be left to the House". This is also a point which has to be borne in mind.

After all, when the Budget is framed, it is not the Budget of one person alone. It is the Budget of the entire Cabinet and the Cabinet represents the majority party of the House. The majority party gives certain indications of the taxation policy. Under these circumstances, the Cabinet and the Finance Minister are expected to frame the Budget according to the policy of the majority party which they represent, and if the party or the House feels dissatisfied with the Budget and think that they have not adhered to our policy, then the only alternative is to throw out the Budget and have another Finance



Minister and another Cabinet. That would be the proper thing, in my humble opinion. I might be wrong.

**Prof. N. G. Ranga:** Quite wrong.

**Shri C. Subramaniam:** But I feel it my duty to place before the house what I feel. These are the things, Madam, which have been agitating my mind. I do not say whether this thing is absolutely correct or the other thing is absolutely correct. No human system is perfect. There are faults in any system. But we have got to decide before next year and expert legislators like Mr. Ananthasayanam Ayyangar I hope would begin to think about this problem right from now and come to a final conclusion as to whether it is in the interests of the country; as to whether it is in the interests of the House, that the Budgetary proposals should undergo a change during the Select Committee stage; whether any Select Committee is at all necessary.

Then, Madam, I wish to say only one thing regarding Clause 8. In this you would find that the charities for which donations might be given have got to be approved by the Central Government. In my opinion, that is going to be a big headache to the Central Government. I wish they frame some rules by which they would be guided. Instead of taking individual institutions by themselves and then deciding whether they should be taken in or not, they should frame certain rigid rules and if only the conditions laid down in those rules are satisfied, any institution should be approved for the purpose of these donations. One other thing should also be borne in mind. I think no institution should be recognised unless it is a registered body. Otherwise, it will lead to a lot of abuse of this Section and some people might take advantage of this and give charity to all sorts of institutions. I hope therefore that the Finance Minister, while he approves the institutions for which the donations would be given under this Section, will bear these points in mind and approve only those charities against whom there could be no objection on any ground whatsoever.

These, Madam, are the only remarks that I have to make.

**Shri B. Das:** Madam, I would not have intervened in this debate, but I learned so many theories from my Honourable friend Mr. Ananthasayanam Ayyangar which he so nicely passed over to the Honourable the Finance Minister that I thought I might also say something in regard to the theories and principles for which I stand. Madam, I am neither a socialist-minded nor a capitalist-minded person; but I am an industrially-minded person. I believe in the prosperity of the country. I do not believe in the socialistic ideology to which my Honourable friends Mr. Ananthasayanam Ayyangar and Professor Ranga have given vent to, so often here, but I believe in evolutionary growth of the prosperity of the people.

People talk of nationalisation. People talk of socialisation. What next? My Honourable friend Mr. Ananthasayanam Ayyangar passed several tall orders to my Honourable friend Mr. Shanmukham Chetty. I sympathise with him. He asked him to do this and to do that. Suppose we accept his ideologies. Suppose we have nationalisation. Suppose you take over all industries. Where will the revenues come from? The State has taken over the Railways. Do the Railways pay income-tax? I will give you another instance, which will probably be more striking.

The Bombay Electric Supply Tramway Company Limited which used to make profit to the tune of one crore of rupees per annum for the shareholders is now managed by the nationalised Municipality of Bombay Corporation. I am told that it had only a profit of Rs. 76,000 in the last year of its working. That's your nationalisation! So I want my Honourable friends, Prof. Ranga and Mr. Ananthasayanam Ayyangar and those others who think in that way to write a book or to speak on the floor of this House or outside as to how their policy of nationalisation will work. My friend while speaking on clause 8 of the Finance Bill covered the whole policy of taxation of Govern-

[Shri B. Das]

ment. What will happen to the income-tax? There will be no super-tax; there will be no corporation tax after nationalisation of industries. So after two years I accept my friend Prof. Ranga's principles and theories of industrialisation and nationalisation, where is the corporation tax and where is the super-tax accruing to the treasury? The result will be either capital levy or taxing turnovers of all industries owned by the State. I am not familiar with the Russian method of taxation. Those in this House who are familiar with the Russian method of taxation will tell us how Russia is taxing production so that it meets its huge expenditure. Sir, my Honourable friend talked of the Imperial and imperious capitalists, the remnants of British Imperialism. The capitalist federation was meeting at the Imperial Hotel. I wish this Government passes an order that there should be no hotel, no organization with a prefix 'Imperial' before their names. My friend Mr. Ananthasayanam Ayyangar has always a smile ready for everybody, but I must admit that I and he were there and profited by the speech which the Honourable the Prime Minister delivered there.

I was a student of practical economics, but I cannot visualize what is in the minds of my Honourable friends about the structure of taxation they would envisage. It will have to be solved and unless we get somebody who can fathom what is in the minds of my Honourable friends, who want to nationalise the industries, nobody can evolve a structure of taxation which will meet the day to day expenditure of 220 to 250 crores of rupees of my Honourable friend, the Finance Minister and the Ministry. They have to run the administration of the ship of State and at the same time develop the prosperity of the country. How that prosperity will be developed after nationalisation, I cannot visualise. I do hope that when Prof. Ranga returns from Burma, we will get an opportunity on the 7th or 8th of next month when he will tell us how he will industrialise the nation, nationalise the industry, develop industries under State-management and yet meet all the obligations of the State, unless he has paper currency minted at Nasi and let the country go pell-mell, as Russia did at one time.

Sir, it is nice and easy to attack private enterprise. My friend, Mr. Ananthasayanam Ayyangar, I call him a conservative; he gives quotations from *shastras* about the old method of charity and I believe even his charity is dried up in these days as is mine.

Sir, the Finance Minister may smile on as one coming from South India and enjoy the speeches of my friends from South but to me it is alarming when I see all imaginary principles are trotted on the floor of this House for acceptance. Sir, my Honourable friend was very happy that the Expert Committee on taxation will be reporting next year; let it come. They try to level up either way or lend down. If the savings are to be analysed—I do not know who is going to be our Economic Adviser; Dr. Gregory has gone and I was very glad over it. The fiscal Commission is coming. What are your suggestions? Give them here or simultaneously in a public platform. Let us see if you have any policy of taxation, to raise the prosperity and standard of living of the people. The unfortunate thing in socialism is that I do not know where is the difference between socialism and communism. It is very unfortunate and this morning the Prime Minister gave out how the communists are trying to upset the loyalty of the Government officials in Calcutta. It may creep into Delhi, but the Prime Minister told us that those who are organising the All India Government officials Conference here have assured that they will not be influenced by communists. Well, Sir, at least one knows what the Communists want. One does not know what the Socialists would require. One objects to the passing of such tall orders and if I were to speak in sympathy with the Honourable the Finance Minister. I do not want him to produce something of

a budget which will have no meaning next year. He must understand what Socialism wants and what nationalisation, and socialisation would require in regard to policies of taxation. I have no apology to offer for the capitalists; I do not represent them, but I do hope before my friends destroy private enterprise, let them show by means of statistics how their policy of socialisation and Government industrialisation and finance will work for the benefit of the people and will not make the State bankrupt.

**The Honourable Shri B. K. Shanmukham Chetty:** Sir, so far as this clause is concerned, the main criticism has come from my friend Shri Jhunjhunwala. I may tell him that theoretically his arguments are perfectly correct. So far as the objective regarding the taxation of foreign companies is concerned, there is no difference of opinion between him and me. In fact there can be no difference of opinion in India at all amongst Indians. We do not want that foreign investors who make profits in India should escape our taxes, much less have any of us any desire to show them any preferential treatment in this matter.

It was only some time back, after I came into my present office, that my attention was really drawn to these provisions in the Income-tax Act regarding the procedure for collecting super-tax from investors who live abroad and who hold shares in companies which make at least part of their profits in India. In fact I was amazed to find such a provision in the Income-Tax Act. It is no wonder, considering the impossibility of putting these provisions into practice, that the previous regime so readily accepted these amendments to be incorporated in the Income-Tax Act.

**An Honourable Member:** They themselves brought them forward.

**The Honourable Shri B. K. Shanmukham Chetty:** They brought them forward because they knew that on paper it would appear that every step is being taken to collect the tax due from foreign investors and that in practice not a pie would be collected. And so they were generous; they thought they would satisfy Indian sentiments by readily bringing forward these amendments. In fact some time back I had a visit from one of the Ambassadors with us; he mentioned to me the instance of a new company that wanted to establish a branch in India, and he told me that this company had over three thousand shareholders on its list, and that if it was our intention that we are going to adhere to the letter of the law and demand from this company a list of shareholders and other details, that company was not going to open a branch in this country. This Ambassador need not have taken the trouble of bringing this matter to my notice because in practice practically none of these companies have been giving these returns, and it has not been possible for our administrative machinery to enforce the observance of these clauses in our Income-Tax Act by these companies. I had therefore to look at this problem from a practical point of view. Theoretically a great many things are possible, but from the practical and administrative point of view if there is any remedy open to us to collect the tax we are perforce compelled to look to other remedies so that we might have the satisfaction of recovering some portion at least of our dues. And it was when I applied my mind in this direction that I finally in consultation with my advisers evolved this proposal of increasing the companies tax by one anna and giving it as a rebate to the Indian companies which operated and declared and paid their dividends in India. I have estimated in my budget the proceeds from this as about two crores of rupees; if the figures of income made in India by these foreign companies as given by Mr. Jhunjhunwala are correct, the proceeds of this tax will be about three crores of rupees. So what we get by this amendment is a positive income of three crores of rupees plus a saving in the refund that we are giving. There is no question of any balance of loss at all, because as against this positive advantage that we would get hereafter we have not collected any tax at all from

[Shri R. K. Shanmukham Chetty].

these companies. There is no use blaming the Central Board of Revenue over these affairs because if you want the Central Board to apply the provisions of the income-tax law in that strict sense in which Mr. Jhunjunwala wants us to apply it, it will be a practical impossibility for them to do so. I am prepared to ask the Central Board of Revenue to give all the facts and figures connected with this affair to any committee of the House that might like to discuss this matter with the Central Board of Revenue, because if as a result of our joint discussions we can devise some better means of getting a little more of our dues from these foreign companies I certainly will be very glad. I am therefore happy to know that on further consideration my Honourable friend Mr. Jhunjunwala has kindly agreed not to move his amendments. But my offer is open that I would welcome Mr. Jhunjunwala or any other Honourable friend who is interested in the matter to go and have a thorough discussion with my advisers in the Central Board of Revenue whom I will instruct to place all the facts and materials relating to this matter before these gentlemen.

There was only one other reference pertaining to this clause, that relating to the exemption from taxation of charities. I was very much moved by the appeal made by my old friend Shri Biswanath Das about this matter; but I must confess that even after listening to his moving appeal I remain unconvinced,—an unconvinced heretic in this matter, if I may say so. I am not so well versed in the *Shastras* relating to the practice of charity as practised by our ancestors, but I have been told that one can produce quotations from the *shastras* to support even the telling of lies or the committing of a crime to persuade a man to make a charity for a worthy cause.

(At this stage Mr. Speaker resumed the Chair.)

I think, Sir, that in our country when—as my Honourable friend Mr. Ayyangar remarked—our sense of values has changed, we must really do something positive to encourage contributions to really good and charitable causes. In a system of high taxation it will be difficult for men—honest taxpayers at any rate—to find any surplus from which they could make contributions to charitable endowments. Take even the provision that we have made here. We have imposed a maximum limit of 2½ lakhs of rupees for any individual charity to claim this exemption. But in practice nobody would be in a position to make this contribution of 2½ lakhs and yet get all the benefits of this exemption. Really to pay 2½ lakhs of rupees as charity a man must have an income of 25 lakhs of rupees; but if any gentleman had an income of 25 lakhs, the amount of tax that we would take away from him will not leave with him enough money to contribute even this 2½ lakhs, leave alone his expenses. So in a system of stiff taxation of that kind I think it is only fair that men who wish to contribute to charitable institutions must at least be exempted from the operation of the tax. I quite realise that without proper safeguards this provision is likely to be abused. It is to safeguard against such contingencies that we have made it clear that the contributions must be to institutions approved by the Central Government. I have already sent round circulars to the provincial Governments inviting them to give us a list of charitable institutions in their respective provinces which might be included in the list; and I have told them in my circular that they should specially recommend those institutions which are engaged in medical relief and education. In fact after these lists come it is our intention to apply very strict and rigid standards to each institutions to ensure that these are not bogus institutions, that accounts are properly maintained, that provision has been made for audit and that in every respect the affairs of the institution are above suspicion.

**Shri Ramnarayan Singh:** What about *dharamsalas* and temples?

**The Honourable Shri R. K. Shanmukham Chetty:** No, I do not think I

will agree at all in the case of contributions to dharamsalas and temples; it will predominantly be for educational institutions and hospitals.

5 P. M. And as regards the needy poor, if there is an institution which deserves to be included it will certainly be done. So with this assurance I hope the House will not have objection to accept the clause as it stands.

**Mr. Speaker:** I shall now put the remaining clauses to the House one by one.

The question is:

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

**Shri M. Ananthasayanam Ayyangar:** Sir, on a point of order, how can there be a guillotine on a Finance Bill?

**Mr. Speaker:** I would invite the attention of the Honourable Member to Rule 20B. I had told the House before we started with the allotment of time made by me that the consideration motion would be discussed for the whole of yesterday and the question would be put at 5 o'clock. With regard to all the clauses, I had allotted time up to 5 P.M. today.

**Shri M. Ananthasayanam Ayyangar:** If the rule surprises me, it will then have to be modified. As it is we are bound by it. This is a very important matter. After all we have spent only two days.

**Mr. Speaker:** Comment is unnecessary. This morning, when I found that Honourable Members were speaking without any idea of the time limit, I wanted to remind them that they would miss the discussion of certain other questions, unless they curtailed their speeches. But I thought, having given them the programme yesterday it was better that I should not interfere and allow them to adjust their own matters in such way as they liked.

The Rule 20B reads as follows:

"At any time after the introduction in the Assembly of a Finance Bill, the President may allot a day or days, jointly or severally, for the completion of all or any of the stages involved in the passage of the Bill by the Assembly, and when such allotment has been made the President shall at 5 o'clock on the allotted day or, as the case may be, the last of the allotted days forthwith put every question necessary to dispose of all the outstanding matters in connection with the stage or stages for which the day or days have been allotted."

This allotment has been stated to the House a long time before. When the motion for Select Committee was made, I had stated that I would allow two days for the Select Committee motion to be discussed and two further days for purposes of the passage of the Bill in all stages.

**Shri M. Ananthasayanam Ayyangar:** I thought normally we expected to finish with a slide over of sometime. After all we may not take time. I never thought that the guillotine would come. All that I can say is that it is an unwholesome rule and it would be good if you can get rid of it.

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

"That clause 9 stand part of the Bill."

The motion was adopted.

Clause 9 was added to the Bill.

Clauses 10 and 11 were added to the Bill.

The first and second Schedules were 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, as amended, be passed."

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

"That the Bill, as amended, be passed."

The motion was adopted.

*The Assembly then adjourned till a Quarter to Eleven of the Clock on Wednesday, the 31st March, 1948.*