

LEGISLATIVE ASSEMBLY DEBATES

THURSDAY, 11th MARCH, 1943

Vol. II—No. 1

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY

Thursday, 11th March, 1943.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

MEMBERS SWORN:

Sir John Francis Sheehy, C.S.I., M.L.A. (Government of India: Nominated official).
Mr. Krishnanath Ganesh Ambegaonkar, M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS

IMPROVEMENTS IN THE COMBINED "C" TYPE QUARTERS IN NEW DELHI.

279. *Sardar Sant Singh: (a) With reference to the answer to part (f) of starred question No. 437, asked on the 18th March, 1940, will the Honourable the Labour Member please state what improvements in the combined "C" type orthodox quarters in New Delhi were asked for in the representations received by Government, either through Tenants' Associations or from individual residents of such quarters?

(b) What would have been the cost of all the additions and alterations asked for per quarter?

(c) Have any additions or alterations been made in any clerks' or officers' quarters in New Delhi since the 18th March 1940? If so, which are the different classes of quarters in which such additions, etc., have been made?

(d) What was the amount of expenditure incurred on each different class of quarter so added to or altered?

The Honourable Dr. B. R. Ambedkar: (a) A statement containing the information is laid on the table of the House.

(b) and (d). The information is not readily available and its collection would involve an amount of time and labour that would not be justifiable in war time.

(c) Yes. Additions and alterations were made in 'A', 'B', 'C', 'D' and 'E' type quarters.

Statement.

(i) The kitchen, the bath and store rooms at the existing sites be dismantled and new ones constructed in lieu thereof in the open space in the courtyard between the latrines and bath room, and a long verandah be provided in front of all the three rooms.

(ii) A window may be provided in each of the rooms towards the inner verandah to make the rooms well ventilated.

(iii) A window may be provided adjoining the outer entrance of the first room.

(iv) A door may be constructed in the room on the other extreme opening on the outer verandah.

(v) One more water tap may be provided.

(vi) A servant room.

(vii) An additional bath room with a window therein.

(viii) Standard type ventilators in all the rooms and closing of the existing holes in the ceiling.

(ix) Wooden mantles in all the rooms without fire places.

(x) Wall amirahs in all the rooms.

(xi) Increasing the inner verandah accommodation, etc.

IMPROVEMENTS IN THE COMBINED "C" TYPE QUARTERS IN NEW DELHI.

280. *Sardar Sant Singh: Will the Honourable the Labour Member please state the cost of making the following alterations in each combined "C" type orthodox quarter in New Delhi:

(i) fitting in of a window in the front room;

- (ii) provision of regular ventilators, like those provided in other types of quarters, in all the three rooms;
- (iii) providing a pucca floor in the courtyard; and
- (iv) providing another window in the kitchen?

The Honourable Dr. B. R. Ambedkar: Rs. 415 per quarter.

IMPROVEMENTS IN THE COMBINED "C" TYPE QUARTERS IN NEW DELHI.

281. *Sardar Sant Singh: (a) Will the Honourable the Labour Member please state whether it is a fact that all "D" type orthodox quarters in the D.I.Z. Area, New Delhi, were provided with pucca floors in the courtyard in 1940 or 1941?

(b) what is the number of such quarters and other quarters in which this modification was made?

(c) What is the total number of combined "C" type quarters which are located in the midst of these "D" type quarters?

(d) What would have been the cost of providing pucca floors in all of these combined "C" type quarters?

(e) What was the amount spent on all "D" type quarters in which this modification was made?

The Honourable Dr. B. R. Ambedkar: (a) Yes.

(b) 1079.

(c) 60.

(d) Rs. 13,500 at present day prices.

(e) Rs. 29,415.

INSPECTION OF COMBINED "C" TYPE QUARTERS IN NEW DELHI.

282. *Sardar Sant Singh: Will the Honourable the Labour Member please refer to the answer to two supplementary questions to starred question No. 438 answered on the 18th March, 1940, in which the then Labour Member promised to inspect the combined "C" type quarters in New Delhi, and state whether he actually inspected these quarters? If so, does he propose to lay on the table a copy of his report on the matter?

The Honourable Dr. B. R. Ambedkar: No. The latter part of the question does not arise.

IMPROVEMENTS IN "D" TYPE ORTHODOX QUARTERS IN NEW DELHI.

283. *Sardar Sant Singh: (a) Will the Honourable the Labour Member please state whether it is a fact that in 1940 when the galleries inside the "D" type orthodox quarters in the D.I.Z. Area, New Delhi, were covered, a suggestion was made that ventilators provided in the walls of the two rooms on either side of the gallery should be of glass case so that they might be closed?

(b) Is it a fact that only wire gauze ventilators with big holes were provided, instead of the old type glass-case ones, on the ground that the Health Officer, New Delhi, objected to the provision of the latter type of ventilators as being unhealthy?

(c) Is it a fact that it was proposed to cover up the open space between the bath room and lavatory in these quarters in order to provide shelter for storing fuel, etc.?

(d) Is it a fact that this covering up was also objected to by the Health Department, New Delhi?

The Honourable Dr. B. R. Ambedkar: (a) Yes.

(b) No.

(c) Yes.

(d) No.

Mr. President (The Honourable Sir Abdur Rahim): The answers to the other questions of Sardar Sant Singh will be laid on the table.

INSPECTION OF COMBINED "C" TYPE QUARTERS IN NEW DELHI.

†284. *Sardar Sant Singh: (a) Will the Education Secretary please state whether the Health Officer, New Delhi, was ever invited to inspect the residential accommodation in New Delhi, and to see that all accommodation for living purposes was provided with proper ventilation, etc.?

+ Answer to this question laid on the table, the questioner having exhausted his quota.

(b) If the answer to (a) be in the affirmative, did this officer ever inspect the combined "C" type quarters in the D.I.Z. Area, New Delhi?

(c) If the answer to (b) be in the affirmative, did the said officer submit any report either to the New Delhi Municipal Committee or to the Government of India about the suitability or unsuitability of the rooms in those quarters for use as bed rooms, etc.? If so, does he propose to lay a copy of that report on the table of the House? If he did not submit any report, why not?

(d) If the Health Officer was never invited to inspect these quarters, what were the reasons for not doing so? Is he prepared to issue instructions that these quarters are thoroughly inspected at an early date? If not, why not?

The Honourable Dr. B. R. Ambedkar: (a) No.

(b) and (c). Do not arise.

(d) The design of these quarters was approved by the Municipal Committee before they were constructed and Government have not considered it necessary to have these quarters inspected by the Health Officer. I am however arranging to have these quarters inspected by the Health Officer.

TRANSFER OF LIEN TO ALLOTTEES OF COMBINED "C" TYPE QUARTERS IN NEW DELHI.

†285. *Sardar Sant Singh: (a) Will the Honourable the Labour Member please state whether it is a fact that up to last year the allottees of the combined "C" type quarters in New Delhi on Maud, Ibbetson and Reading Roads, were allowed, on application, to exchange their quarters with lien with the regular "C" type quarters in Havelock Square, Baird Road, Market Road, Irwin Road, etc., as and when such quarters were available?

(b) What was the longest period which it took to allot a regular "C" type quarter to an allottee of combined "C" type quarter in cases where such allottees asked for an exchange from the very time of allotment of such combined quarters to them?

(c) Will the present allottees of such combined quarters be allowed to exchange with lien this year? If not, why not?

(d) What is the total number of quarters (regular "C" type) in the squares and roads mentioned in (a) above which will fall vacant this year due to the present allottees having to vacate them permanently for some reason or other, like retirement or allotment of a higher type of quarter?

(e) Does he propose to see that at least the tenants of these combined "C" quarters are allowed to exchange with lien if they so want? If not, why?

The Honourable Dr. B. R. Ambedkar: (a) Yes.

(b) The information asked for is not readily available and its collection would involve an amount of time and labour that would not be justifiable in war time.

(c) and (e). Yes: the revised rules are being altered to allow of this as soon as possible.

(d) The information cannot be given unless all applications for next summer and winter seasons are received in.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred question No. 174 asked by Mr. Ananga Mohan Dam on the 11th March, 1942.

OFFICERS IN THE INDIAN ORDNANCE SERVICE.

(a) The total number of officers in the Indian Ordnance Services as it stood on 31st March, 1942, was 161 of whom 26 were Indians.

(b) The total number of Foremen (including Principal Foremen and Assistant Foremen) as it stood on 31st March, 1942, was 487, of whom 194 were Indians.

(c) The position in regard to pay and establishment privileges is as follows:—

Foremen of Asiatic and non-Asiatic domiciles who entered service on or before 27th September, 1931, get the same scale of pay. A lower scale of pay is admissible to foremen of Asiatic domicile who entered service after 27th September, 1931. Foremen of Asiatic domicile are not entitled to the following emoluments and privileges admissible to foremen of non-Asiatic domicile:

(i) Overseas pay of Rs. 75 per mensem;

† Answer to this question laid on the table, the questioner having exhausted his quota.

(ii) An educational allowance of Rs. 20 per mensem for each child between the ages of five and fourteen attending school;

(iii) Free medical treatment for families, except to families of those who live in factory estates; and

(iv) Passage concessions.

Apart from the differentiation in pay, the prospects of a foreman of Asiatic domicile are in no way inferior to those of his colleagues of non-Asiatic domicile.

(d) Except in the case of the Harness and Saddlery Factory and the Clothing Factories, the recruitment of apprentices in Ordnance Factories has been suspended for the period of the war and a scheme for the rapid training of selected trainees for supervisory posts has been introduced instead. These trainees are given a subsistence allowance of Rs. 40 per month during the period of training which lasts from six to eighteen months.

As regards the Harness and Saddlery Factory and the Clothing Factories, apprentices are recruited on Rs. 40 per mensem. On completion of the apprenticeship, the majority of the men are absorbed in the temporary Supervisory establishment on starting pay varying between Rs. 70 and Rs. 155 per month depending on the experience and progress of the individual concerned. Further prospects depend on merit and seniority and promotion up to the gazetted appointments of Assistant Works Managers is possible.

(e) Government do not propose to set a definite time limit by which all the personnel of the Indian Ordnance Service will be completely Indianised. Every effort is being made however and will continue to be made to recruit suitable Indians, but since there is a shortage of trained men, any restriction of the nature proposed would be unworkable.

Information promised in reply to part (c) of starred question No. 121 asked by Mr. Lalchand Navalrai on the 17th February, 1943.

ABUSE OF POWERS OF SANCTIONING PROSECUTIONS, ETC., BY ASSISTANT INSPECTING COMMISSIONERS OF INCOME-TAX.

(c) Eight prosecutions have been instituted under section 52 of the Indian Income-tax Act, 1922. In two of these cases complaints were also filed under section 177 and in one case under section 193 of the Indian Penal Code. Three cases in which tax estimated at about Rs. 8,700, was sought to be evaded were compromised for a sum of about Rs. 16,700.

Information promised in reply to starred question No. 212 asked by Mr. Muhammad Azhar Ali on the 2nd March, 1943.

PRICES OF FOODSTUFFS IN SIMLA AND DELHI.

Statement showing the wholesale prices per maund of certain commodities ruling in Simla on the 1st week of each of the following months.

Commodity.	October 1942.		November 1942.		December 1942.		January 1943.		February 1943.	
	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
Wheat	6	10 0	6	10 0	7	12 0	8	3 0	10	10 0
Wheat flour	7	0 0	7	4 0	7	12 0	8	3 0	10	10 0
Arhar	16	0 0	16	0 0	15	8 0	16	0 0	15	0 0
Mash	15	10 0	15	8 0	15	8 0	16	0 0	15	0 0
Moong	15	10 0	15	8 0	15	8 0	16	0 0	15	0 0
Salt	8	0 0	8	0 0	5	0 0	9	0 0	3	8 0
Ghee	80	0 0	100	0 0	100	0 0	100	0 0	100	0 0
Mustard oil	30	0 0	33	0 0	35	0 0	35	0 0	35	0 0
Soft coke	5	0 0	1	8 0	1	8 0	1	14 0	1	14 0
Charcoal	3	2 0	3	8 0	5	0 0	5	0 0	4	0 0
Fuel wood	1	0 0	1	0 0	1	4 0	1	8 0	1	8 0
Gur	13	8 0	13	8 0	13	0 0	13	0 0	12	0 0
Sugar	15	10 0	16	4 0	16	4 0	18	4 0	18	4 0
Bura	13	12 0	13	12 0	13	12 0	13	12 0	13	12 0
Juar										
Juar flour										
Millet and its flour										

(Information not available).

ELECTION OF MEMBERS TO THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

The Honourable Sir Edward Benthall (Member for Railways and War Transport): Sir, I move:

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, eleven Members to serve on the Standing Finance Committee for Railways for the year commencing 1st April, 1943."

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, eleven Members to serve on the Standing Finance Committee for Railways for the year commencing 1st April, 1943."

The motion was adopted.

ELECTION OF MEMBERS TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS 973
ELECTION OF MEMBERS TO THE CENTRAL ADVISORY COUNCIL FOR
RAILWAYS.

The Honourable Sir Edward Benthall (Member for Railways and War Transport): Sir, I move:

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, six non-official Members to serve on the Central Advisory Council for Railways for the year commencing 1st April, 1943."

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, six non-official Members to serve on the Central Advisory Council for Railways for the year commencing 1st April, 1943."

The motion was adopted.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR
ROADS.

Sir Gurunath Bewoor (Secretary, Posts and Air Department): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, six Members to serve on the Standing Committee for Roads which will be constituted to advise the Governor General in Council in the administration of the Central Road Fund, during the financial year 1943-44."

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, six Members to serve on the Standing Committee for Roads which will be constituted to advise the Governor General in Council in the administration of the Central Road Fund, during the financial year 1943-44."

The motion was adopted.

Mr. Govind V. Deshmukh (Nagpur Division: Non-Muhammadan): On a point of information, Sir, may I know how many times this committee . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is too late.

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

Sir Gurunath Bewoor (Secretary, Posts and Air Department): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official Members to serve on the Standing Committee to advise on subjects, other than 'Roads', dealt with in the Department of Posts and Air during the year 1943-44."

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official Members to serve on the Standing Committee to advise on subjects, other than 'Roads', dealt with in the Department of Posts and Air during the year 1943-44."

Sardar Sant Singh (West Punjab: Sikh): Sir, in this connection the complaint is that this committee did not meet at all during the last year . . .

An Honourable Member: It met once this year.

Sardar Sant Singh: May I know the functions of this Committee as well as the number of meetings held during the last three years and the business carried out in it, so that the House may be able to appreciate the position?

Sir Gurunath Bewoor: Sir, I explained in the last meeting of this House in November that formerly there used to be a Standing Advisory Committee for the Department of Communications, which dealt with all subjects dealt with in that Department except Roads. When the Department of Communications was bifurcated and we had a separate Department of War Transport, and a separate Department of Posts and Air, I made a motion in this House to elect a Standing Advisory Committee for subjects dealt with in the Posts and Air Department, except Roads, which are covered by the Standing Roads Committee. Therefore, this particular committee about which Sardar Sant Singh is mentioning is the one that was elected only in the last Session of this Assembly. Therefore there has not been any time for the committee to meet except now, and we have had a meeting of this committee on the 15th February, when five items were put before the Committee: the committee disposed of three, and as there was not enough time it was decided to have a second meeting later on in the Session to deal with the remaining subjects

[Sir Gurunath Bewoor.]

and a fresh date has already been fixed for a meeting of that Committee in the third week of March. As regards the meetings of the Standing Advisory Committee for Communications, I have here a list of the meetings since 1939-40. In 1939-40 two meetings were held, in 1940-41 two meetings were held, in 1941-42 only one meeting was held, and in 1942-43, as I mentioned, the Department was bifurcated and have had one meeting of this Committee so far. That is the information, Sir, that I have to give to the House.

Mr. Govind V. Deshmukh (Nagpur Division: Non-Muhammadian): I had the misfortune or good fortune of being on this Committee once and only one meeting was held during the period that I was there, and that was in connection with the amendment of a Port Trust Act. We had to deal with amendments relating to Port Trusts Acts, and particularly the Madras Port Trust Act. That was the only meeting held. If this Standing Advisory Committee is not going to do any other work than having to deal with petty subjects and meeting only once, it is no use having an Advisory Committee on these subjects other than Roads.

Sir Gurunath Bewoor: On a point of explanation Sir, I think the Honourable Member is mistaken. I see here in this list that in the meeting held on the 8th March, 1941, there were five subjects presented for the advice of the Standing Advisory Committee. One of them was the Madras Port Trust Act Amending Bill. The other subjects were, the establishment of a Broadcasting Station at Karachi, the replacing of the present Broadcasting Station at Peshawar by a 5 kilowatt medium wave station, civil aviation development programme, and Air Force reserves training scheme. The Honourable Member therefore cannot complain that he has not been consulted on a sufficient number of subjects. I am afraid his memory is rather short.

Mr. Hoosainbhoy A. Lalljee (Bombay Central Division: Muhammadian Rural): I am not satisfied with . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member ought to have got up before the Government Member replied.

Mr. Hoosainbhoy A. Lalljee: This was an explanation only. The explanation is that in 1941 they had other subjects, but he himself has said that by bifurcation we have removed the Communications Department. Therefore, the things that are dealt with are only Posts and Air, and we should like to know what is to be done in regard to Posts and Air, what subjects will come before that Committee.

Mr. President (The Honourable Sir Abdur Rahim): The Government Member has spoken twice as a matter of fact. The first was a proper reply and the second was by way of explanation. He cannot go on indefinitely like that.

The question is:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official Members to serve on the Standing Committee to advise on subjects, other than 'Roads', dealt with in the Department of Posts and Air during the year 1943-44."

The motion was adopted.

ELECTION OF MEMBERS TO THE DEFENCE CONSULTATIVE COMMITTEE.

Mr. C. M. Trivedi (Secretary, War Department): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, six non-official Members to serve on the Defence Consultative Committee for the financial year 1943-44."

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, six non-official Members to serve on the Defence Consultative Committee for the financial year 1943-44."

Mr. Govind V. Deshmukh (Nagpur Division: Non-Muhammadian): Sir, I would like to say a few words as regards the method of election, from the point of view of Members of this House as well as from the point of view of the Government which took part in the election of Members, because there are

certain members who represent the Government Party. As regards election of Members, I should like to say this, that the Members of this Committee should be such as can take an active interest. They should be physically fit. It is no use having decrepit old men who have their own use in drawing rooms or the Library men who are decrepit and unfit, become a sort of drag on those other members who take an active interest in the work of the Committee, and the active members of the Committee cannot carry on the work in the way they would like to do it. Therefore, while making selection, the different parties, as well as the Government should select only such people who are physically fit, as well as medically fit, who can give the necessary amount of work and energy that is required of them. Another thing is this. At times Members are told that certain trips are being arranged and sometimes those are tantalising trips. For instance, we were told we would be taken to the Middle East. We were put individually to some extra expense for preparing clothes, etc., but at the last moment it was cancelled. No doubt, we have got the clothes, they were not wasted, but all the same the disappointment is there. I would therefore request the War Secretary that in the matter of selection of Members from his own Party or in the matter of arranging trips he would take necessary precautions so that this Standing Committee may function properly and render fit service. Another thing I want to suggest is this. I have said that there should be a physical test and a medical test. Apart from that, the persons to be elected on this Defence Consultative Committee should be such as are men who move among the masses from which recruitment is made, who mix with students from whom the officer class is chosen.

Mr. President (The Honourable Sir Abdur Rahim): I understand this Committee is elected.

Mr. Govind V. Deshmukh: Yes.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can take his own steps to secure right men.

Mr. Govind V. Deshmukh: I am making a suggestion.

Mr. President (The Honourable Sir Abdur Rahim): It is a matter for election.

Dr. Sir Ratanji Dinshaw Dalal (Nominated Non-Official): I shall be glad to examine candidates for Defence Consultative Committee physically.

Syed Ghulam Bhik Nairang (East Punjab: Muhammadan): I would point out that the constitution of a Committee like the one that exists, presumably mainly with the object of undertaking trips, is sheer waste of money and no such committee should be elected. We are opposed to the idea of electing a committee like this.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, six non-official Members to serve on the Defence Consultative Committee for the financial year 1943-44."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): I may inform Honourable Members that for the purpose of election of Members for the Standing Finance Committee for Railways, Central Advisory Council for Railways, Standing Committee for Roads, Standing Committee for the Department of Posts and Air and Defence Consultative Committee, the following dates have been fixed for receiving nominations and for holding elections, if necessary:

	Date for nominations.	Date for election.
1. Standing Finance Committee for Railways.	15th March, 1943.	17th March, 1943.
2. Central Advisory Council for Railways.	18th March, 1943.	24th March, 1943.
3. Standing Committee for Roads.	15th March, 1943.	17th March, 1943.
4. Standing Committee for Department of Posts and Air.	16th March, 1943.	18th March, 1943.
5. Defence Consultative Committee.	16th March, 1943.	18th March, 1943.

[Mr. President.]

The nominations will be received as usual in the Notice Office up to 12 O'clock on each day appointed for the purpose. The elections which will be conducted in accordance with the principle of proportional representation by means of the single transferable vote will be held in the Assistant Secretary's room in the Council House, New Delhi, between the hours of 10-30 A.M. and 1 P.M.

THE WAR INJURIES (COMPENSATION INSURANCE) BILL.

The Honourable Dr. B. R. Ambedkar (Labour Member): Sir, I move for leave to introduce a Bill to impose on employers a liability to pay compensation to workmen sustaining war injuries and to provide for the insurance of employers against such liability.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That leave be granted to introduce a Bill to impose on employers a liability to pay compensation to workmen sustaining war injuries and to provide for the insurance of employers against such liability."

The motion was adopted.

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

THE INDIAN FINANCE BILL.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, I move:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, to continue for a further period of one year the additional duties of customs imposed by section 6 of the Indian Finance Act, 1942, to fix rates of income-tax and super-tax, to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged, and to amend the Indian Finance (Supplementary and Extending) Act, 1931, be taken into consideration."

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, to continue for a further period of one year the additional duties of customs imposed by section 6 of the Indian Finance Act, 1942, to fix rates of income-tax and super-tax, to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged, and to amend the Indian Finance (Supplementary and Extending) Act, 1931, be taken into consideration."

Sir Cowasjee Jehangir (Bombay City: Non-Muhammadan Urban): Mr. President: The Honourable the Finance Member's speech this year was one of absorbing interest and most thought-provoking. He covered a very wide field of the Government's financial policy. In most speeches made by Finance Members introducing the Budget, it is the last few passages that have been of the greatest interest—passages which explain to what extent we are to be further burdened but in this speech nearly every portion of it contained information and propounded policies which will have a lasting effect on the finances of this country. I only regret that some of the passages were not included in last year's budget speech or in other speeches made by the Finance Member. It may have avoided a certain amount of criticism. In discussing the few points on which I wish to offer criticism I will try to follow the order followed in the Budget speech but there are some important issues which the Finance Member has discussed in several different parts of the speech.

I will first come to the most important question of the settlement arrived at between the Government of India and the British Government in November 1939. The fundamental principle underlying that settlement was that the cost of Indian war measures, that is such war measures as can be regarded as purely Indian liabilities by reason of their having been undertaken by India in her own interest, should be borne by India. In other words, Indian finances shall be burdened with cost of that part of the war effort which is directly for the defence of India and the cost of all other war efforts in this country which may not be for the direct defence of India should be borne by the Allies. That is the fundamental basis of this settlement and in examining every problem of

war finance this fundamental principle should be kept in view. The Finance Member has informed us that there are many war measures which are of great interest both to the Allies and to India. He has brought these joint war measures pointedly to the attention of this House and of the public. It must be admitted that this is not the first time that these joint war measures have been mentioned but he will also admit that they were never so pointedly brought to the attention of this House or of the public as he did in his speech. He has mentioned several of these war measures and he has made a genuine attempt to explain them. The first question that arises to one's mind is who is it that decides what is a joint war measure. I can see nothing directly stated in his speech on which I can put my finger down and say so and so is responsible for deciding what is a joint war measure. He has explained that the principal parties interested in examining these important questions which involve the expenditure of crores of rupees are the Auditor General of India, the Public Accounts Committee in India, the Controller and Auditor General in the United Kingdom and the Public Accounts Committee of Parliament. From this it appears that the only Indian representative body that has anything to do with these joint war measures is the Public Accounts Committee of this House. There are so many questions of such vast importance that have to be dealt with that it becomes necessary to examine the constitution of this Public Accounts Committee. I have not the slightest desire to be in any way personal. I am talking of wide principles. Let us see how this Committee is constituted and I will be forgiven if I read out the names of the Members of this Committee. The Honourable the Finance Member is its Chairman. Then we get the following names: Maulvi Muhammad Abdul Ghani, Mr. Muhammad Azhar Ali, Mr. H. M. Abdullah, Professor N. G. Ranga (who no longer happens to be here), Mr. Chapman-Mortimer, Pandit Lakshmi Kanta Maitra (who, I regret, is unable to be present in the House today on account of illness), Kunwer Hajee Ismaiel Alikhan, Sir Syed Raza Ali, Dr. Sir R. D. Dalal, Khan Bahadur Sheikh Fazl-i-Haq Piracha and Khan Bahadur Sir Abdul Hamid. This is the Committee which on behalf of India has to examine these joint war measures and to express an opinion on these joint war measures. And remember what it means. It means to decide and express an opinion as to what proportion of these joint measures should be paid for by India. Well, Sir, I will leave it to the Honourable House to reflect and consider whether it is really the function of the Committee constituted as this one is to examine on behalf of us and on behalf of India and to consider such important problems of this character.

Kunwer Hajee Ismaiel Alikhan (Nominated Non-Official): May I know what is wrong with the Committee?

Sir Cowasjee Jehangir: I will ask you to answer that question and if you can answer it to your satisfaction, then all I can say is that the Honourable Member does not realise the responsibilities thrown upon the shoulders of a public body.

Kunwer Hajee Ismaiel Alikhan: We have got a sub-committee of the Public Accounts Committee called the Military Accounts Committee.

Sir Cowasjee Jehangir: The Honourable Member need not interrupt. I know what I am talking about. Well Sir all I can say is that it was never intended that the Public Accounts Committee should have to shoulder such vast responsibilities in war time. This Committee was constituted and thought of in peace times and it did the work which was legitimately placed before it in peace times, but I do desire to bring to the attention of this Honourable House this very important matter. Now, Sir, there are several problems which the Honourable Member has mentioned in his speech. I have asked—who is it that decides what is a joint war measure? I would like to know whether the question of the division of the cost of the army which has been explained in the Honourable the Finance Member's speech—I am not going into further details, anybody can read it and study it—and the question of the division of the cost of the Supply Department—this is also explained in the speech and also what changes

[Sir Cowasjee Jehangir.]

have been made—was placed before this Committee. Did they express any opinion on these matters? I am not aware of it and I would like an explanation from the Honourable Member.

The Honourable Sir Jeremy Raisman: I do not want to interrupt the Honourable Member, but the point is that the actual decisions are made by the Executive Government. The Auditor General scrutinises whether those decisions are in accordance with the agreement between the two Governments. He and the officer in charge make their comments and that material is placed before the Public Accounts Committee to see whether there is anything which they should take up. They do not make a decision.

Sir Cowasjee Jehangir: I quite understand that and I am grateful to the Honourable the Finance Member for making it perfectly clear, but it is the only body that has a right to express an opinion. Decisions are taken by the Executive Government as they do in everything else. But the Honourable the Finance Member has heard several criticisms that decisions are taken behind the back of this Honourable House. The answer to that criticism is that these decisions are placed before our own Committee. That is the answer the Honourable Member has, and I am pointing out to this Honourable House that decisions taken by Government in these vital matters costing crores of money are placed before this Committee and I have already read out the names of the Members of this Committee and I ask

Mr. President (The Honourable Sir Abdur Rahim): I think the Honourable Member ought not to make any reflection. He can point out that their ordinary functions are different.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Only the audit aspect of these questions is placed before the Public Accounts Committee.

Sir Cowasjee Jehangir: That is not so in the speech. The Honourable the Finance Member has already explained the position and quite correctly. I ask whether it was ever intended that this Committee should do this work in war time? That is all I ask.

Now, Sir, there are these grave decisions that Government has taken. I do not disagree with some of them. The Government has taken a decision on the question of the division of the expenditure of the army. Then they have taken a very important decision with regard to the supplies, namely, that such factories which were working in this country at the cost of the British Government should now be shared half and half. That is a very important decision and it has been announced. I ask whether the Public Accounts Committee examined that question and whether they examined the reasons which Government had to give for this decision?

The Honourable Sir Jeremy Raisman: I would point out that that is in the nature of a proposal by the Government. It is what the Government intend to do and it is open for discussion in this House now.

Sir Cowasjee Jehangir: As far as I understand, the decision about the Supply Department has been taken according to his own speech. I will point it out to him. The decision with regard to the army has been taken. Decisions with regard to some other matters are pending, but these two decisions have been taken. If the Honourable Member will see his own speech, he will find this. That is my understanding of it. If I am wrong, I am open to correction. He knows better than I do. That is how I look at it. At any rate, may I proceed.

What I now seriously suggest in the interests of this House, in the interests of Government themselves and in the interests of a very wide public is that an *ad hoc* Committee should be appointed to take the place of this Committee to do this work. I make this suggestion most seriously and with a full sense of responsibility. I do not mean to say that the Members of this *ad hoc* Com-

mittee should be deliberately chosen who will look at every question with a jaundiced eye. I do not mean that. What I mean to say is that this Committee should consist of Members of both the Legislatures and, in addition, men representing finance and business should also be on it, men who are vitally interested in the finances of this country and men who are in a position to express to Government considered opinions on this vastly important question, opinions which Government themselves may consider it worth while having. I would make this suggestion, I repeat, with a full sense of responsibility, throwing no reflection whatsoever on the present Committee but simply on the ground that this Committee was never constituted to do this most important work on behalf of this Assembly and the country. I fully realise the argument that all these Benches are empty and it is not the fault of the Government. I fully realise that it is a great handicap to the public of India. But I am prepared to say that the absence from this Honourable House of so many Members, who are not only absent but who refuse to allow others to take their places, is doing disservice to this country at this critical time and it is in conjunction with the remarks I have already made that I am prepared to make these remarks openly from the floor of this House. Government may well argue that they allowed this work to be done by an important committee of this House and it is not their fault if so many elected representatives of India deliberately chose to neglect their work. But I will still ask Government to consider the suggestion I have made to see if something could not be done at this time to appease apprehension, to avoid criticism and above all to set aside this suspicion that is rampant throughout the country, a suspicion that in most cases has no foundation. But if you create a situation whereby suspicion is encouraged then I do not know what will happen.

Now, Sir, I think the Honourable House must have heard with considerable satisfaction that the main principles of this settlement remain unchanged. When the Honourable the Finance Member went to England we had some inkling of the object of his visit. On his return he will remember that he had to answer several questions in this House. He was then not in a position to give us a definite reply. We have now his definite reply on behalf of the Government of India: and I feel sure that this decision was not arrived at without considerable hard work—conscientious work—and that with regard to this settlement he has shown that he and the Government of India are servants of India and not as in reality and in theory the mere agents of the Secretary of State for India. Now, Sir, there are a great number of problems that are still left unsettled. I will give an example. The division of cost of air forces in India including the capital and recurring costs is still left unsettled. I am not quite sure as to what is the meaning of recurring and capital costs. I presume and I think I have every right to presume that capital costs only refer to capital cost in India excluding the capital cost in England on aircraft and other things. Now, the point again arises when this important decision is being considered as to the division of costs on the expanding Air Forces, who is really going to express an opinion on behalf of this House or on behalf of the public? Is not that a matter that causes reflection? I would again urge upon the Finance Member and the whole of the Government Benches to give this matter very serious consideration.

Now, Sir, the next very important announcement made in the Budget speech was the suggestion that there might be a direct mutual aid agreement between India and the United States. I regret I cannot accept this suggestion with any great enthusiasm. I think it is necessary to sound a note of caution. I will just read a few lines from the speech for ready reference. This is what the Finance Member himself says:

"One view would be that the Lease-Lend goods which India receives have really been lease-lent by the United States of America to His Majesty's Government who might pass them on to India on such conditions as were mutually agreed upon."

[Sir Cowasjee Jehangir.]

He further says:

"His Majesty's Government could not pass such goods to India unconditionally because of the obligations it has assumed in respect of them."

Then he again says:

"It would almost certainly be expected that India would afford reciprocal Lease-Lend to the United States Forces within her territories as one element in this consideration."

Personally I cannot see the advantage of having a direct agreement with the United States. I cannot understand why it should not fall within the four corners of the settlement of 1939. Now, I may be told that the circumstances have changed and American Forces are in this country, I do presume that the cost of these American Forces in this country will be divided between India and the Allies on the same principle as was enunciated in the settlement. If that is so, then Government must come to a decision as to what proportion these Forces directly defend India, for what purpose are these American Forces in India? How far upto now have they been used for the direct defence of India? How far up to now have they served other war measures? These questions will have to be decided sooner or later: and having decided them why should not the cost come within the four corners of the settlement. But all one can do just now is to express an opinion. All the facts are not before us. We must know a great deal more before we can really make up our mind. But on the face of it, it does appear to me that notwithstanding the change of circumstances, namely the arrival of American troops in India, there is no reason not to decide the whole question of division of expenditure under the settlement. Now, Sir, this matter has not been definitely decided. It is under consideration. It must be under consideration because Government have met with difficulties, difficulties of which we are not aware. But in the meantime, the whole cost that would fall on the shoulders of the country in which such forces happen to be, under the main agreement between Great Britain and U. S. A. have been debited to India: 16.70 crores in the current year and 8.04 crores in the next year. I should have thought that the same principle that was followed in the case of air forces, namely that half the amount should be taken to suspense account, would have been adopted in this case also.

The Honourable Sir Jeremy Raisman: What would you do with the receipts?

Sir Cowasjee Jehangir: Which receipts?

The Honourable Sir Jeremy Raisman: Receipts arising from lease-lend, including cash receipts.

Sir Cowasjee Jehangir: Before the American forces came to India, what did you do? You got receipts from people to whom you sold. What did you do with the money?

The Honourable Sir Jeremy Raisman: The question then had not been settled at all. It had not arisen in this practical way.

Sir Cowasjee Jehangir: I am unable to follow the Honourable Member.

The Honourable Sir Jeremy Raisman: I am only suggesting that the difference here between this field of expenditure and the field of expenditure which we share with His Majesty's Government is that there are benefits, there are receipts to be taken into account.

Sir Cowasjee Jehangir: Yes, there may be, but I do not say that the whole amount should be put to suspense. I say half the amount should be put in suspense as you did in the other case. This is an indication that Government have in mind this that India will have to pay the whole cost, the same as any other country would pay for the reception of such troops. My main point is this: that India should pay only such proportion of those costs which reflect exactly how far these forces are for the direct defence of India.

The Honourable Sir Jeremy Raisman: And forego the receipts?

Sir Cowasjee Jehangir: Oh! no. The receipts are from the people in India. They do not come from America. At any rate this is an expression of opinion on my part. If such an agreement is to be entered into, then I would urge that the

fundamental principle enunciated in the settlement should be extended to that agreement, namely that India shall bear only such part of the cost as correctly reflects the direct defence services of those forces to India.

I will now come to a point which may not be of such great importance as the one that I dealt with now, but which appears to me to be rather unique, that is the division of war expenditure into revenue and capital. I cannot fathom for what purpose it was done. In peace time, all expenditure is divided into capital and revenue to enable Government and this House to see that a sound financial policy is followed. All revenue expenditure should be met from taxation, all deficits in revenue expenditure should be met from taxation, while capital expenditure may be met from revenue, but it would be legitimate to meet it from loans. That is the general principle in peace time. In war time, the principle is very different indeed. The principle is what proportion of this expenditure should be borne by the present generation and what should be borne by future generations. The present generation should be called upon to bear taxation to its own capacity, to its utmost capacity, let me say, without dislocating its social and economic life, and the balance should be borne by future generations. In a war of this immensity, in a war that is fought for such great principles of life and death, the future generation is just as much interested as the present generation. I admit that the present generation should pay to its utmost capacity. I have explained what I mean by "to capacity". Then, why was this divided into revenue and capital? I am unable to see the reason. If it is merely to show the country that some assets are available from war time expenditure, it can easily be done by a statement every year showing what those assets are, what the country has gained by this war expenditure, aerodromes, air fields, whatever you like. Why divide this in this way when it does not give a correct picture of the finances of the country. Of course anybody who studies the figures understands it clearly. But by this division, there has been a misunderstanding and I will point it out now. The Honourable Member said that we shall have to raise 40 crores by way of loans to meet the deficit of 60 crores. But that is not a correct picture. During the current year, war expenditure comes to 238 crores. He has budgetted for 133 crores leaving a deficit of 105 crores to be met from loans. In the next year, it is stated that he is going to raise 40 crores to meet the deficit plus 16·85 crores which he has set aside to capital. Therefore the total amount of borrowings necessary according to his own budget figures is 105 crores plus 56·85 crores or 161·85 crores. It is this division of capital and revenue that has caused this confusion. I have seen leading articles in some important newspapers who have not been able to understand the position. Due to the deficit of last year and the deficit of the coming year, we shall have to borrow a sum of 161·85 crores. Therefore, Sir, it makes me think as to why it was done, why this division was made. It is quite evident that it is not to guide us or the Government as to what should be borrowed and what should be paid out of revenue. No such principle is followed here. The capital expenditure is shown and the loans are out of all proportion to capital expenditure. Therefore it is not made for that purpose, it was made for some other purpose; whatever that purpose was, I am not able to understand. At any rate, let it not be contended in the future, in war times that because capital expenditure is 'X' lakhs, the loan should only be 'X' lakhs. That cannot be contended.

Now, Sir, due to the many points which the Honourable the Finance Member has made, more clear than ever before, the House will now be aware of how the Government finances the war, how it raises its monies. So far as I can see, it raises its monies in five different ways, firstly by taxation, secondly by rupee loans from the public, thirdly by treasury bills, fourthly by *ad hoc* Treasury Bills and fifthly and lastly by the expansion of currency. These are the five ways in which Government raises money today. The last two methods, namely *ad hoc* treasury bills, and expansion of currency, are due to and caused by our sterling balances in England.

[Sir Cowasjee Jehangir.]

Now, let us not forget that whenever Government uses these balances for repatriation of sterling loans, or for the funding of an outside obligation in respect of railway annuities, or for the redemption of railway debentures stocks, the *quid pro quo* in rupees has to be raised by one of these methods. The balances are not a portion of the Government treasury. Government cannot put their hands on these balances; it is not the Treasury from which they can take out millions as they like. They have got to raise in India a *quid pro quo* in rupees. And, therefore, the broad result, as has been shown in the Honourable Member's budget speech, is that, of about 400 crores raised so far, for financing various repatriation and funding operations, about 60 crores up to now have been raised by way of *ad hoc* treasury bills. That is a very important factor which I would like the Honourable House to keep in mind when I discuss matters in a minute or two, and my reason for giving clearly the ways in which the Honourable Member raises his finance is to illustrate, to a certain extent, my remarks that are to follow.

Now, the Honourable Member proposes to go further with regard to our sterling balances in two directions. India has to pay by way of sterling pensions, family pensions and provident funds from 5 to 6 million a year. He proposes, in ordinary language, that this amount should be capitalized; that it should be taken out of our sterling balances in England. So far as I can see the transactions can be carried through only by the issue of further *ad hoc* treasury bills, thus sterilizing a certain portion of those sterling balances. Now, again I am unable to follow the reasoning for this proposal. In a speech made the other day he called it a long term investment. In the first place, we do not know what is the capital amount and we do not know what interest he is going to get on this long term investment. Those matters, I think, he told us, are not yet decided. But if it is a long term investment he cannot go on financing it by *ad hoc* Treasury Bills. He will have to convert those *ad hoc* Treasury Bills into rupee loans of the same years of maturity. Does he expect to be able to borrow in India at the same rate as he will receive from the British Government for the funding of this amount? He cannot. We have one example given to us already of the question of those railway annuities. They cost us 30 millions on which we are getting 2 1/4 per cent. In time they will be wiped out. But here in this case you cannot go on financing this with *ad hoc* Treasury Bills. These pensions will go on for years. They will go on and the rate of interest will be calculated according to the way they are liquidated and, therefore, you will have to raise rupee loans correspondingly and the rate will be higher and ultimately it will end in a loss. What is the object then of trying to settle a four or five million sterling a year liability by capitalizing it if it is likely to end in a loss? Is the Honourable the Finance Member obsessed with the idea of sterilizing these big balances? I do not follow him there. Why is this nervousness to sterilize these balances? They are earning some interest on British Treasury Bills; they are not going to disappear and therefore I would ask for the serious consideration of the Honourable Member of the points I have placed before him. If he believes that the Government in future is going to finance this transaction by *ad hoc* Treasury Bills for all times, it will not be sound finance. Therefore, so far as I can see it, this transaction must result in an ultimate loss. There may be a temporary gain. I think Honourable Members are able to see that: The temporary gain is the difference between the rate of Treasury Bills and the rate he will receive from the British Government for what he calls a long term investment.

Now, with regard to this 'Reconstruction Fund' it is another way of sterilizing some part of the sterling balances in England. We want a great deal more information on this matter before we can really express our considered opinion, and I see today that this question has been referred to the Reconstruction Committee: May I ask the Honourable the Finance Member if that is correct?

The Honourable Sir Jeremy Raisman: Yes, Sir, that is correct.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): I am a member of that Committee, but I have no information.

The Honourable Sir Jeremy Raisman: The question was discussed before the presentation of the Budget by one of the Post-war Reconstruction Committees.

Mr. K. C. Neogy: I beg your pardon. This question was never discussed by the Committee which was attended by me and many others. The whole question that was put down for discussion related to the question of acquisition of capital goods during the post-war period. That has no connection with this.

The Honourable Sir Jeremy Raisman: I am sorry if my Honourable friend does not realize that that is the same thing.

Dr. P. N. Banerjea: But it was not discussed.

Mr. K. C. Neogy: As a matter of fact no specific suggestion like this was ever made at that meeting, though there was the proposal up the sleeves of the Honourable Member for the constitution of a reconstruction fund.

The Honourable Sir Jeremy Raisman: I think I had better clear this point. The Reconstruction Committee dealt with the question of drawing up a programme for the utilization of a part of our sterling assets for the acquisition of capital and necessary goods after the war. In such a programme the word 'Fund' has nothing sacred about it. An adopted programme in relation to sterling assets which are available obviously constitutes the elements of a Fund.

Mr. K. C. Neogy: I appeal to my colleague here—Sir Frederick James—to clear the position.

Sir F. E. James (Madras: European): I certainly confirm what the Honourable the Finance Member has said, namely, that the proposal placed before the Committee of which my Honourable friend and I are members was the proposal which has been summarized by the Honourable the Finance Member just now. In fact we did discuss the necessity of drawing up some system of priority in regard to purchases after the war. My Honourable friend, Mr. Neogy, may be perfectly right in saying that he did not associate that proposal with the later reference which the Honourable the Finance Member made in his Budget speech to the formation of a Reconstruction Fund.

Mr. K. C. Neogy: There was not a word said about any reconstruction fund. The whole discussion was in regard to the necessity and desirability of drawing up a programme for the purpose of acquisition of capital goods.

Mr. President (The Honourable Sir Abdur Rahim): Sir Cowasjee Jehangir can go on with his speech.

Sir Cowasjee Jehangir: At any rate, whether understood or misunderstood, this matter is going to some committee.

Dr. P. N. Banerjea: May I know who appointed this committee?

Mr. President (The Honourable Sir Abdur Rahim): I think the Honourable Member can sit down.

Sir Cowasjee Jehangir: I do not know. You had better ask the proper authorities. I read in the papers this morning in answer to a question in the other House that this question of having a Reconstruction Fund is being examined by a committee called the Reconstruction Committee. Beyond that I know nothing more.

Dr. P. N. Banerjea: But the Finance Member ought to be able to give us some information.

The Honourable Sir Jeremy Raisman: It was announced in this House by Sir Ramaswami Mudaliar sometime ago and the post-war Reconstruction Committee has been in existence for, I think, more than a year. It has various sub-committees and this is one of them. One of these committees, called the International Trade Committee, held a meeting the other day at which, at any rate, the substance of this idea was actually discussed.

Dr. P. N. Banerjea: How were the members of this committee appointed? Appointed by Government or by this House?

Mr. Hooseinbhoj A. Lalljee (Bombay Central Division: Muhammadan Rural): This is a very important question to be put before this Committee.

Sir Cowasjee Jehangir: It is still to be put. Let us examine it on its merits and forget that it is going to a committee. I admit that more information is required before an opinion can be given. But still I do not see the object of forming such a fund unless it is to sterilize some portion of the sterling balances. It will mean raising *ad hoc* Treasury Bills, which I admit will be liquidated as these capital goods are received in this country. But what is the object of earmarking it (this must be a very substantial amount) for an object which cannot be fulfilled today? You cannot get any capital goods today. There is no country who makes these capital goods for export except one or two neutral countries and such goods cannot be brought because there are restrictions. Therefore, there is no question of getting capital goods today. All the great allies are making war materials which can only be exported to this country for war purposes. Therefore, there is no urgent hurry for deciding how these goods shall be financed at the time when they will be available. Why then sterilize this large amount of money? It will remain safe in sterling as it is today. You will be earning one per cent. on it, or whatever the British Treasury Bills may be. Why sterilize it straightaway? I cannot understand it.

If by doing it these sterling balances became any safer than they are today, if there were less chances of their depreciation by your sterilizing in this way, the argument for having such a fund would be strengthened a hundred fold. But the vulnerability of these sterling loans remains whatever it is, good, bad or indifferent, and they are not affected by any of these proposals, such as the one raised before us. Repatriation is quite a different matter. Using these monies for repatriation was as different as the north pole is to the south. This is merely a proposal for the sterilization of this fund without any object. You can consider by all means in your committees how the country is to be reconstructed. But I am only a layman and I cannot fathom what is the object of this fund under present conditions.

Now, Sir, I must allude once more to an issue that has been raised in this House directly and indirectly on more than one occasion, and that is this public apprehension that these sterling balances, whether in a fund or not, whether there is a reconstruction fund or not, will not be available to purchase capital goods from any other part of the world except Great Britain. It is an apprehension that has been expressed in this House and I have tried my best to clear the point but I do not think I have yet succeeded, and there is some sort of vague idea amongst Honourable Members that there is something up Government's sleeve in this connection, and I desire that it should be cleared up. Therefore I am going to read out two little passages from the Honourable the Finance Member's speech. In para. 39 he says:

"It may be taken for granted that it will be found necessary even after the end of the war to proceed on some orderly programme for the purchase of these capital goods from the producing countries."

He does not say Great Britain. Then let me refer to para. 52 of his speech. He says:

"Apart from their being available as a reserve wherewith to pay for the capital goods which the United Kingdom will be in a position to supply for India's industrial expansion."

He visualises only the United Kingdom. In the passage I have just quoted, he visualises goods coming from all parts of the world. What is therefore the exact position?

Now, I am sure that this House realises that there may be great difficulties in getting goods from America due to exchange being against us. It may be that sterling has depreciated, *vis a vis* the dollar, and goods may be too expensive to be brought out, and it will not pay us to get goods at that time. It may be because of some impending settlement between the allies with regard to currency and exchange. As a matter of fact it is under discussion just now, and the result may be that it will not pay India to get goods from America. I am

only mentioning America as a possible country. But that should not prevent Government from making a categorical statement that it is not their intention, whatever the difficulties may be that these sterling balances, whether in a fund or outside a fund, should be earmarked for goods only to be imported from England. I think it is possible for Government to make such a categorical statement, realising as I say that we know the difficulties that there may be in the way of doing so. Whether it pays us or not is a domestic question; it is also a domestic question whether it pays us to buy in Great Britain or not. But the fact that we should be free to buy in the cheapest market after the war for the reconstruction of India is a principle which nobody can contest and I do not see why it should not be mentioned in such categorical terms as I have stated.

Now, there is a passage in the Honourable Member's speech which, if I may take the liberty of saying so, is rather unfortunate, and I am going to read it. He says:

"I cannot share the anxiety of those who are prepared to regard the surplus balances as almost in the nature of useless assets."

Now, Sir, I never heard that criticism—verbal or written—that they are useless assets. Have you?

The Honourable Sir Jeremy Raisman: I have seen it; that was why I put that sentence in.

Sir Cowasjee Jehangir: The person who made such a criticism and called them useless assets was not, perhaps, very knowledgeable or did not know exactly what he was talking about. You cannot possibly call them useless assets. At any rate when the Finance Member used those words, I wish he would have said that he was using somebody else's words, that he was trying to reply to criticism. At any rate these balances are by no means useless assets. The only criticism of a real serious nature which we hear practically every day is that these balances may depreciate in value *vis a vis* other currencies—dollar or the rupee. That criticism was offered in this Honourable House—I think by Mr. Neogy—I think it was discussed here and the Honourable the Finance Member very correctly said it was a very delicate subject to discuss in an open Assembly and that he was very rightly not in a position to place all the cards on the table immediately. It is a very delicate question, and all that we can say now is that we hope that the Government's minds are working on this problem, and that they are attempting to make some arrangement whereby the rupee and the sterling will remain stable. I am fully aware that the Government of India have no control at present over the sterling and dollar exchange, but I think it is possible to come to some arrangement whereby sterling *vis a vis* the rupee can be stabilised. Then, if sterling depreciates *vis a vis* the dollar in spite of all efforts let not the sterling depreciate *vis a vis* the rupee. It is a very complicated question, a question which requires deep thought and study, a question intimately connected with our exchange policy; but the Honourable Member will realise that we have had bitter experiences during the last war, and therefore a warning is not only essential and wise but it is an absolute necessity.

The Finance Member called these sterling balances a debt the other day in some discussion, when I took the opportunity of pointing out that I could not understand why he called it a debt. Such expressions of calling these sterling balances a debt cause suspicion and apprehension. As everybody knows, these balances are payments made by the Allies in sterling for goods sent from India, manufactured in India, and delivered from India

The Honourable Sir Jeremy Raisman: That is not the only source.

Sir Cowasjee Jehangir: That is one source; there are other sources too. These balances are invested in sterling treasury bills; these balances have been used for repatriation and for other purposes. I ask if these balances were a debt as we understand under the ordinary definition of a debt, how can he use them? They are not his money; but they are not a debt owed by England to

[Sir Cowasjee Jehangir.]

India. A debt is something which you have not got; a debt is something which is owed to you; a debt is something which may be delayed in payment—something which you may have to whistle for. Is that the definition that my Honourable friend wishes to place on these balances? Is there any chance of our having to whistle for them? Then, why does he call it a debt? So far as I can see, they are certainly not a part of his treasury, but they are certainly not a debt; they are good money paid by the Allies for goods delivered, not by Government, but by the people of India for the war purposes of the Allies. It is really good money

Mr. Hooseinbhoj A. Lalljee: Would you put it as consideration?

Sir Cowasjee Jehangir: No; it is money in the possession of the Reserve Bank—it is neither the Government of India's money nor does it belong to the people as a whole, it really belongs to a certain extent now to government, because they have raised *quid pro quo* loans against those reserves; but the reserves are monies paid in for goods delivered.

Mr. Hooseinbhoj A. Lalljee: It is a trust with those who have to repay.

Sir Cowasjee Jehangir: Therefore I trust he will give us some explanation of why he used this word 'debt'

The Honourable Sir Jeremy Raisman: Obligation.

Sir Cowasjee Jehangir: If money is lent out on treasury bills, you call it a debt; it is not a debt.

Coming now to the end of my remarks, I will deal very shortly with this all important question of inflation which the Honourable Member has done a great deal to explain. He has strongly controverted the criticism that there has been pure credit inflation; but he admits that "a temporary situation in which an increase in volume of purchasing power impinges for a time in a stationary or diminishing volume of consumable goods" exists—I am reading his very words. He further states "India's war effort has clearly not yet reached the ceiling of the maximum utilisation of available man power and resources and public expenditure on supplies, purchases, works etc." Therefore our sterling balances are going to increase so long as the war lasts and this temporary situation that the Honourable the Finance Member has so clearly defined will continue for some years. It is to finance the purchases made by the Allies from India that there has been an expansion of currency—one method of finance. If the temporary situation is to continue, or to increase, during the war and sometime after the war, and if the only method that has been adopted is to expand currency, may I ask when this expansion of currency is going to stop and what is the ceiling of this expansion of currency? We have not reached the ceiling of supplying goods to the Allies; therefore surely there must be a ceiling; there must be a stop to this expansion of currency. Here are his own words again, both sensible and wise words, I will read them out to the House.

"This is not to say, however, that any of us can afford to evade the problem or to allow what may not be a serious situation to-day, to develop into one for lack of timely and vigilant action."

It shows that he is wide awake to the situation. From his own words I have shown that the reasons which compelled him to go in for this expansion of currency will continue. Not only will they continue but they will be in a more aggravated form. Then it is time that this expansion of currency must stop. I agree with him when he says that there has been no pure credit inflation. It may be that these higher prices, higher values of the necessities of life, are not entirely due to this expansion of currency. But the critical point has been reached and there may be the danger that if this expansion of currency goes on the critics may turn out to be right in the end. I say that with some hesitation but I will repeat it, that if this expansion of currency goes on, it may be that the critics may turn out to be right, and therefore some other ways and methods must be found.

What can be a substitute for this expansion of currency? There can be only one answer, and the Honourable Member has given it—larger and more extensive borrowing. We know the difficulties that prevail to-day in borrowing large amounts on rupee loans. If that is to take the place of this expansion of currency in order to finance the war, then I earnestly plead with Government Benches that some balance must be struck between the advantages and disadvantages of borrowing in the future on terms and by methods other than have been followed in the past, and on the other hand, a further expansion of currency; you must strike a balance between the disadvantages of both. Having considered that question most carefully, you must come to a conclusion. But the present state of affairs cannot be allowed to continue even if the Honourable the Finance Member is right, for the sake of argument, that it has not caused inflation. The fact remains that the cost of living has gone up. The fact remains that prices have risen. But let it not be said that that was surely due to the action of the Government. There is still time and the matter deserves very serious consideration. I know he is between two fires. I fully realise the difficulty of the position. But one method or another must be adopted. Courage will be very necessary, and I will not again emphasise what I have already said, the two great handicaps between which the Government will have to judge.

Now, Sir, finally coming to the Honourable Member's taxation proposals, I will only say this, that I fully realise that great wars cannot be fought without the sinews of war. I fully realise that taxation must be heavy but it must be according to our capacity. I would ask him to avoid taxation of food. I do not like his proposals with regard to the taxation of Banaspati. It is a food that is being consumed in larger and larger quantities by the middle classes, but I will have occasion with other Honourable Members to speak on this subject at greater length in the future. But I would draw the Honourable Member's attention, serious attention to the under-estimate in revenue, particularly in the direction of the excess profits tax. He estimates that he is going to get 26 crores in the current year and 40 crores in the next year. It has been very well known, specially in Bombay and Calcutta, that Government have not been able to collect all that was due to them from the excess profits tax. It may not be their fault; it may be that their machinery was incapable of collecting these very large amounts of taxation. And I have heard on reliable authority that the amount due to Government during the current year, not collected but due to them, is to the extent of Rs. 75 crores. I have heard larger amounts, I have heard figures right up to 200 crores. My Honourable friend, Sir John Sheehy laughs, his mouth waters most probably. He feels probably it is true. But he will have to admit that a great deal is due and the minimum amount that I have heard placed on this non-collected revenue is Rs. 75 crores for the current year. As a matter of fact, anybody connected with big business will tell you that large amounts of their money are lying in current account waiting to be taken by Government, but Government refuse to take it. It may not be their fault. It may be that their machinery is not suited to the collection of such revenues at such a rate. But that is no reason why the Honourable the Finance Member should not have made an allusion to it in his speech. He should at least have said something that there were uncollected revenues to some extent which he could not collect, and if Rs. 75 crores is the amount uncollected in the current year, is it likely that Rs. 40 crores is the right estimate of what will be due to you next year,—I do not say what you will collect, I do not know what is your capacity to collect this, but what will be due to you is surely not Rs. 40 crores next year as things go. There may be a change of circumstances or conditions, I cannot foretell, but as conditions prevail to-day, I make bold to say that Rs. 40 crores is an under-estimate. If you tell me it will be much more but you are quite unable to collect it, that is another matter.

The Honourable Sir Jeremy Raisman: The Honourable Member knows that budgets are based entirely on the cash position in each year

Sir Cowasjee Jehangir: I know that. But in that case there ought to be an allusion, some mention made in the budget speech that we shall be able to collect only Rs. 40 crores, but so many more is due to us. Then Honourable Members will be in a position to judge the financial position of this country. If Rs. 75 crores more are due and only Rs. 26 crores can be collected, surely there must be some whipping up of the method of collection. I would urge the Honourable Member not to quibble about small points with the taxpayers. Take their money without quibbling about, a few hundreds or a few thousands one way or the other. Take the money and bring it to your treasury as soon as you can, and don't leave it with them. It may be risky. Just now there is no risk, but do not leave all these vast amounts hanging about in current account in the names of very well known companies. Take the money, even take part payments. Then frankly tell us what is the amount in your estimation which has not been collected in the current year and what is not likely to be collected in the next year. We know what you think you will collect—Rs. 40 crores. My opinion and the opinion of men who have a right to express an opinion on this question is that much more than 40 crores is going to be due to you, that in fact 75 crores is waiting to be collected. That upsets the whole of your budget proposals. That does not mean that you should not tax in war time. I am not placing all this before the House as an argument that there should be no taxation. No. I am placing this matter before the House so that we may not be misled with regard to what we are going to get from this one particular tax. Mr. President, I have finished. I am indebted to the House for the patience with which they have heard me for so long a time.

Sir F. E. James: Sir, I rise to support the Bill and shall make no further reference to it, except to say that this House has voted the expenditure without a single division and is now being asked to vote the means by which that expenditure must be met.

I propose to devote the major portion of my remarks to some observations which relate to the armed forces of the Crown. It is strange that during all these days that we have been discussing the Budget very little reference has been made in this House either to the Indian Army or the Indian Navy or the Indian Air Force. I feel that those of us who are not actively engaged in operations but are, so to speak, defending the Home Front, owe a duty to those men from all parts of India who are serving with such distinction in so many fields, both here and abroad. I am sorry that there is no representative of either the War or the Defence Department in the House, which is particularly regrettable as I gave both of them warning that I was going to touch upon their particular departments.

Perhaps while they are being sent for, I may interject a reference to Sir Cowasjee Jehangir's point in connection with the Reconstruction Committee. The Honourable the Finance Member made a part reference, but I happen to have here the actual composition of the Committee to which the Finance Member referred in his speech. The House may be interested to know that this Committee, which is called the Reconstruction Committee on Trade, International Trade Policy and Agricultural Policy, consists of representatives of the Government of India, the Provincial Governments, the Indian States, the Imperial Council of Agricultural Research, the Board of Scientific and Industrial Research, the Federation of Indian Chambers of Commerce, the Associated Chambers of Commerce and a number of other bodies classified under "other representatives." At the meeting of this Committee, which was held on the 16th February, and I may say that this was the second meeting, the Economic Adviser to the Government of India made an exhaustive statement which came under the head of 'Acquisition of Capital Goods for the proposed reconstruction' on the agenda. Sir Theodore Gregory made an exhaustive statement, which was of particular interest in view of his recent visit to the United Kingdom, explaining the background of the question concerning the acquisition of capital goods

during the post-war period. After his statement, there was a discussion in which Mr. G. L. Mehta, Mr. G. D. Birla and the Honourable the Finance Member and others took part. While it is more than probable that the phrase 'fund for reconstruction' was not used, I think there is no doubt that every one had in mind the utilisation of these sterling balances. In any case, the discussion concentrated upon the great need in India after the war for facilities for the purchase of capital goods for the process of reconstructing her industries.

Now, Sir, as the Honourable the Member in charge of Labour is here, I will deal with him, before I come on to the armed forces of the Crown. Some time ago this Group took part in a debate upon the use of paper and we made some suggestions. But the trouble at that time was that my Honourable friend, who is accustomed to the 45 minutes of the lecture room, was not able to complete his speech in the 15 or 20 minutes which was allotted to him and therefore he made no reference whatever to the proposals which we had put forward. I now give him an opportunity of rectifying that omission, because I understand that there is no-time limit on speeches during the Finance Bill and my Honourable friend, can now have the 45 minutes of the lecture room to which he is accustomed. The proposals which we made centred mainly on the appointment of a paper economy committee. I understand that in another place yesterday the Honourable the representative of the Labour Department said that a committee had been appointed. I should like to know what kind of committee that is, and whether it is a purely official committee. We had in mind a non-official committee not because we do not have confidence in the officials but because we believe that non-officials would bring fresh minds to bear upon this question of the use of paper by Government Departments. The misuse of paper goes on merrily. Only the other day I had placed in my hands a copy of the *Calcutta Gazette*. I don't have the same feelings of reference to these Gazettes as some officials appear to have and therefore perhaps the House will forgive me if I mention some of the items which are included in this Gazette, which runs to something like 450 pages. There is here, our old friend, the list of all the enemy firms in the Latin American Republics which were copied from the *Gazette of India*. There are a number of pages giving the results of examinations at the Dacca University, mostly small examinations, and not really important at all. There is a list of all the distinguished male and female students who succeeded in passing in these examinations in the various degrees. There is also repeated in the *Calcutta Gazette* the useful and highly important information that the Governor General has been pleased to place a certain distinguished officer of the Government of India 27th in the order of precedence! That will give immense satisfaction to his many friends, but it does not seem to us to be a sufficiently important item to be published in the *Gazette of India* and then to be re-published in the provincial Gazettes. Now, I do ask the Honourable the Labour Member whether something cannot be done to restrain this extravagant outflow of paper on the part of the Central Government and the Provincial Governments on purposes which are not in the least connected with the prosecution of the war, when to my certain knowledge industries which are connected with the prosecution of the war cannot get paper. In our last attack upon this matter we pointed to the experience of the United Kingdom where the need for economy in paper is as great as it is in this country, and where they decided that a Committee, consisting of a distinguished Chartered Accountant as Chairman, a representative of a publishing house and a representative of a printing establishment, should go into the question of the economy of paper and take such steps as were necessary to advise the Minister concerned in the use of paper, particularly by Government Departments. Has my friend the War Secretary ever conducted an inquiry into the amount of paper necessary to recruit one soldier to His Majesty's Forces? If he does, he will find it is formidable. I only hope that the amount of paper required to demobilise such soldier will not be as great; otherwise the paper shortage will go on for some years after the war.

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I do hope, therefore, that my Honourable friend, the Labour Member, will tackle this question with his well-known zeal and enthusiasm.

Now, Sir, I will come back to the main purpose of my intervention in this debate, and that is to say a word or two about the armed forces of the Crown, to say something about their needs during the war and to say a good deal more about their needs after the war. First of all, let me refer to the Indian army. As a member of the Consultative Committee I can say that we accepted with considerable pleasure the proposals which have now been put into effect to increase their pay and their messing allowances. The Honourable the Finance Member, in one of the most-interesting portions of his speech dealing with the progress in the armed forces of His Majesty in this country, referred to the proposals to defer a certain amount of the pay of the Indian soldier so that it might be used for his advantage after the war. He also said that in addition to that amount the Government of India themselves were making a direct contribution to a Fund to be used for purposes which would benefit the soldier on his demobilisation from the army. I should like to know something about that Fund. I am sorry the Honourable the Defence Member is not here.....

The Honourable Sir Sultan Ahmed (Leader of the House): May I just mention, Sir, that the Honourable Member was here but he is slightly indisposed and had to leave, but I am prepared to listen to the remarks of my Honourable friend and will convey them to him.

Sir F. E. James: I am exceedingly sorry to hear that and I hope he will soon be better. I am grateful to my friend for promising to convey to him anything that I say, because I do know that the Defence Member is exceedingly interested in the problem of the ex-service men after the war. Indeed, I believe he himself happens to be an ex-service man and thus his interest in these matters is but natural. I should like to know something about the Fund to which the Central Government is now contributing. What is the estimated contribution each year? Who will administer the Fund? On what basis will expenditure from the Fund be made after the war? What will be the relation between the Central Government and the Provincial Governments in regard to the expenditure of this money for those soldiers who return to their respective provinces? And what, in particular, will be the position of those members of His Majesty's Forces who come from the Indian States, when they return to those States? That is the first observation I have to make on the question of the Indian Army.

The second observation I have to make relates to the Burma campaign. When the news first came that troops had marched into Burma along the Arakan coast, I well remember the thrill of anticipation which was experienced by almost everybody in this country. We felt that at last we were on the threshold of great events, and that possibly as a result of that campaign which was then beginning not only would the Japanese be swept out of these parts but also possibly the road to China might be re-opened. There was a wave of enthusiasm through the country which was subsequently damped by the statement of the Commander-in-Chief who made it perfectly clear that these operations were of a comparatively minor character and that no particular importance should be attached to them. So, the first enthusiasm was written down. Then, came the advent of the war correspondents in Burma. In these days the war correspondent has greater freedom than he has ever had before in any war, not excluding the Boer War when Mr. Churchill himself was a war correspondent and had certain difficulties with the authorities. One of the dangers of the freedom of the war correspondents in these operational areas is that they naturally write what they see. They mirror faithfully the hopes and enthusiasms of the troops among whom they move. Their despatches come swiftly to this country through the censorship, and then reach the newspapers; whereas the planned and very carefully prepared statements of the military commands come later on. Of course, the men on the spot are busy fighting and cannot send their

reports with the same speed as the war correspondents. As a result, therefore, there is a danger, which was noticeable in the Middle East campaign and which has been noticeable since the invasion of Burma by our troops—there is a danger that, first of all, the war correspondent writes up the campaign, and then the statement of the responsible military authorities writes it down. There is a great need for a balanced view in regard to all these operations, and particularly in regard to the Burma campaign. After all, there are people in this country who know a good deal about Burma and they can read behind the communiques. I suggest, therefore, that the duty of the Public Relations Department is to preserve a nice balance between the quite natural exuberance and enthusiasm of the war correspondents, and the rather deadly but practical realities of actual fighting. It should be their duty to avoid creating undue optimism or undue pessimism in public opinion. Public opinion in this country is perhaps not unnaturally rather volatile in this matter. It has not been through all the shocks through which public opinion in my own country has been in the last three or four years. Therefore, it is all the more important to avoid these violent fluctuations from the height of optimism to the depth of pessimism, because that kind of fluctuation tends, unfortunately, to undermine public confidence in our troops. I hope they will get the full support of every citizen in this country.

Now, I will refer to the Royal Indian Navy. I personally always had a predilection for the Navy as against other Forces, because I was a
 1 P.M. failed Naval Cadet, and my brother is serving in it today! But my Honourable Friend, the Finance Member has, as I have been able to detect in his speech, a certain preference for the latest arm, the Indian Air Force. I do not wish to say anything derogatory to the Air Force, but the senior service is the Navy and it must continue to be so. It will ultimately be the Navy that will defend India's coast. However, my purpose at the moment is to refer to the splendid work which is being carried on by the Royal Indian Navy, in the Eastern areas, on the passage from Australia to this country, and on the Burma coast. I need only refer to the gallant feat of H. M. I. S. Bengal. I had the honour of being in Bombay just in time to see the officers and crew of that ship marching through the streets of that great city. There was no mistake about the enthusiasm of the public as these gallant men and their leaders passed by. I would also pay a tribute to the splendid work of the Royal Indian Navy in the Persian Gulf. Though this work is not much known, nevertheless it is of a very high order. It preserves and maintains to the highest possible degree the maritime traditions of the mother and parent navy—the Royal Navy. I am sure that when the war is over and when some one writes the saga of little ships—the little ships of the Royal Indian Navy, will have the pride and honour of a verse all to themselves. Now, Sir, I was a little disappointed to see that the Honourable the Finance Member did not find time. I am sure that was the real reason, to pay a tribute to Vice-Admiral Sir Fitz Herbert who is shortly leaving India. Vice-Admiral Fitz Herbert has, in my opinion, done a great deal to bring the Royal Indian Navy to its present strength and efficiency. I may say as a member of the Consultative Committee, and I am sure I am voicing the views of my colleagues, that the Flag Officer Commanding is the most popular of all the officers who appear before us. Of course, like some of his great predecessors in the Royal Navy, he has been a nuisance to the Treasury. I remember reading an account of Lord Fisher's attack upon the Treasury in the last war. I understand that Admiral Fitz Herbert has made similar broadside attacks on the Treasury. But it is due to his enthusiasm and energy that the Royal Indian Navy is as efficient and as strong as it is today. Let the House remember what he has done to pilot the Royal Indian Navy proposals through the Chetfield Committee, and to build up important naval training establishments. His force has been expanded tenfold since the outbreak of the war. That is a great achievement, in view of the lack of shipping establish-

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ments in this country and the shortage of experienced instructors. I understand that he is shortly to retire. I am sure he can go away from the shores of India with the feeling that he has left behind him many who will remember him as having played a very important part in building up India's most important defence force.

Now, a word about the Indian Air Force. We are told by the Finance Member that seven squadrons will be added to the Air Force in 1943-44. This is welcome. He tells us that they are to be re-equipped with the latest type of aircrafts. May I ask him to tell the House if these latest types of equipment are really arriving. When I first visited some of the Air Force training establishments two years ago, I was shocked to see the splendid youngmen, gallant youngmen trained to the last degree, asked to operate obsolete planes. Gallant youngmen being sent into the air in Wappities and Atalantas. As a matter of fact there is an amusing story. An Atalanta was mistaken by a Japanese flight for a Catalina, because it was flying very close to the water. The Japanese flight little knew it was an Atalanta which struggled along in the air at about 85 miles an hour. If they had known, the Atalanta would not now be in use for the purpose for which it is being used today. Therefore, I do hope that the Indian Air Force is at last going to be equipped with really up to date aircrafts of the latest type.

May I also make another point. May I request the Finance Member or the War Secretary or whoever will reply to these points, to tell the House whether the repair and maintenance facilities provided in this country are keeping pace with the tremendous expansion of the operational service. I do hope that in India, we shall not repeat the mistake of the United Kingdom. She had operational aircraft, but inadequate spare parts. I am informed that at least 25 per cent. of aircraft production should be concentrated upon producing spares. I understand that in the United Kingdom some of the important units of the Royal Air Force were grounded at one time because there were no spares.

Now, I am going to ask those who are responsible to deal with four matters which have given great concern to a large body of soldiers serving in this country some of whom come from overseas. I do not know who is responsible for the provision of accommodation for the families of soldiers who are attached to General Headquarters, and, therefore, do not quite know to whom I should address these observations. On the 6th February an office memorandum was sent out from the Home Department. This memorandum was sent out officially on the 6th February, but it did not reach many for whom it was intended until two or three weeks later. In Government, I have learnt that when something is "issued", it does not mean it is sent. It is a long time afterwards, sometimes, before the document is actually sent out. When you issue something, it means you issue it to the Despatching Department, where it usually sits for several days before it is taken away; unless, of course, you send it by special peon. Anyway, this memorandum reached the homes of a number of junior officers towards the end of February, and it contained the startling information that:

"all the existing Government bungalows and hotels in Simla were likely to be required for officers on duty and therefore, the officers stationed in Delhi, wishing to send their families to hill stations during the summer will be well advised."

-- mark the complacency of this,—

"will be well advised to proceed on the assumption that they have to make their own arrangements for the accommodation of their families. The officers concerned may be informed accordingly."

Now, may I ask, who is responsible for this fatuity? If the Labour Department is responsible, then I hope the Honourable the Labour Member will make himself responsible for this accommodation. Let me observe that the authorities are responsible for bringing large numbers of people to Delhi to work in G. H. Q. Many of these officers have young families, both Indian and European. They ought to have young families. I quite agree; and some of them.

to my knowledge had made arrangements for sending their wives and small children to Simla. Suddenly down came the guillotine,—“you cannot go to Simla, and, therefore, you must proceed on the assumption that you will have to make your own arrangements for the accommodation of your families.” Where can they go? Can the Honourable the Labour Member tell me, where they can go, if they cannot go to Simla at this stage in the year, in the middle of March, when the hot weather is coming on? Can they go to Naini Tal where all accommodation is booked by the U. P. Government? Can they go to Dehra-Dun, which is filled by a lot of miscellaneous offices from Delhi and also a certain number of distinguished prisoners of war?

An Honourable Member: Prisoners who get preference over everybody else.

Sir F. E. James: I am not saying that. They are prisoners of war. Can they go to Lansdowne? Where can they go? Somebody ought to take the responsibility for the provision of accommodation if for young families of officers who are stationed in Delhi now, Simla is closed to them. It is not the slightest use leaving it to these people, many of whom are strangers to the country, to “proceed on the assumption that they must make their own arrangements.” I hope the Honourable the Labour Member will look into that point because it is very important. I may tell him that there is already a good deal of heart burning among the junior officers in the services.

The next point to which I wish to refer is the payments to the families of prisoners of war. There is a difference in the allotment made to officers in the British Army and officers in the Indian Army. I have already mentioned this point in the course of supplementary questions. I would assure my Honourable friend, the War Secretary, that there is, in fact, an actual difference of about 10 per cent. in the total emoluments drawn by the dependents of prisoners of war who are officers of Indian army or officers of the British Army. That should not be and I hope he will look into it.

The next point I wish to make is to ask whether something could not be done to prevent these sudden changes in the allotments made to the dependents of those who are prisoners of war or missing. I have had several instances of allotments being cut in half without the slightest notice being given to the wives or dependents concerned. That should not be. There should be some means of advising the dependents of these unfortunate officers, dependents, who sometimes have to bring up, and educate quite large families, on comparatively small allowances. There should be some means of warning these people if their allotments are to be seriously cut.

Mr. President (The Honourable Sir Abdur Rahim): The Assembly will now adjourn for lunch. The Honourable Member can continue his speech after lunch.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock; Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Sir F. E. James: Sir, when the House adjourned, I was dealing with certain needs of the service men and their dependents. I have referred to the matter of accommodation, to the pay of prisoners of war and to sudden changes in allotment of dependents.

The fourth point is as to facilities for the dependents of British officers in the Indian Army or in British Units serving in this country to return, if they so wish, to the United Kingdom with their families. I would like the Honourable Member to tell the House what is the position with regard to the provision of such facilities at the present time?

I have one more point to mention, and that is the difference which exists in the pay and allowances of the Emergency Commissioned officers and the pay

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and allowances of the regular officers of His Majesty's forces. I understand that there is a differentiation. Representations were made and that differentiation was narrowed; but a differentiation still remains, I would like my Honourable friend, the War Secretary, to tell the House what it is and why it continues to exist. Although the Emergency Commissioned officers are recruited for the war only, they are recruited for the same purpose. They wear the same uniform, they belong to the same units, they fight the same battles, why then is there this differentiation in the pay and allowances which they receive as compared with the regular officers. It is a matter on which my own community feels strongly, as my Honourable friend knows, and I would be glad if the War Department would look into that and remove the differentiation as soon as possible.

Now, Sir, those are certain matters relating to the present. What about the future? I have already said that I consider it to be the duty of those now in power, particularly those not concerned with the actual operation of the war, to do what they possibly can to prepare for the demobilization of these great bodies of men. In India alone it is probable that at least a million soldiers experienced in mechanical warfare or trained mechanics and skilled labour will be thrown back into civil life. I take it that it is the Defence Department's responsibility to prepare actual demobilization plans. The House was given a hint of these plans, but no more than a hint, the other day in answer to a question by my Honourable friend the Defence Member, I should like a little more information about these plans. The statement that there is at present a card index of every soldier in His Majesty's Forces means that there must be well over a million cards and it sounds a very formidable proposition. And it is, and accurate records must be the basis of any demobilization plans. But what are those plans as far as they can at present be prepared? And when the Defence Department has prepared plans for the actual demobilization of the Forces—and I realize it is a very difficult problem—what are the civil departments doing in order to assist in making plans now for the reception of those demobilized men into civil employment. This is a problem with which every country is going to be faced after the war. After the last war, the United Kingdom faced it unprepared to a very large extent. I hope that India will not face it unprepared after this war. It is true that the present Government cannot foresee what the *interim* Government or the future National Government may want in regard to the defence forces of this country; and to that extent I am fully aware that the political uncertainty of the future of this country makes it difficult to make too specific plans either for demobilization or for the reception of the demobilized men into civil employment. Yet the responsibility is there, and I have urged on a number of occasions during the last eighteen months that more active steps should be taken to deal with what are called the problems of reconstruction and my main interest in dealing with reconstruction is the preparation for the reception into civil life of the *ex-service* men. Of course, the reconstruction of industry and agriculture,—all those are involved. But I am thinking principally of the men who will be known as *ex-service* men after this war. When I say '*ex-service* men', I include all those who have been specially recruited in Ordnance Factories and other establishments as technical and skilled labour.

Now, Sir, the story of this Reconstruction Organization is an interesting one. I believe, it was set up in 1941. There was a Reconstruction and Co-ordination Committee consisting of Secretaries to various departments. Then there were four other committees set up, dealing with labour and demobilization, disposals and contracts, public works and Government purchases, and international trade policy, and agricultural developments. The Chairmen of these four Committees in the absence of the Commerce Member—for this whole organization was linked to the Commerce Department because, as I understood, of the association of that Department with the trade and industry of the country—the Chairman of those

Committees were, in the absence of the Commerce Member, the Secretaries of the Defence, Supply, Labour and Commerce Departments respectively. Then, there was a Consultative Committee of Economists under the Chairmanship of the Economic Adviser. I have already said that the Defence Department has its own organization in the Demobilization Directorate of the Adjutant General's Branch now located in Simla. Now, this machinery has never really fully worked. I can understand the reason; Officers of Government have been pre-occupied with the war effort and the year 1942 was undoubtedly a year of tremendous strain from every point of view in this country, and, therefore, I am not indulging, I hope, in carping criticism; but I merely mention the fact that this organization has never really functioned. The Reconstruction Co-ordination Committee held one meeting in June, 1941. Of the four main committees only one has yet been constituted, and that has held two meetings. The last meeting was particularly interesting and its members were brought from all parts of India. We commenced our meeting at 2.30 in the afternoon and completed it somewhere about 5.30 in the evening, and the main decision of that committee was to appoint eight other committees. That may be important. I do not for a moment suggest that we should not work through committees.

Dr. P. N. Banerjee: Eight other committees?

Sir F. E. James: Yes, I think it is eight.

The Honourable Sir Jeremy Raisman: Six.

Sir F. E. James: I give up the other two committees. But whatever it is, there were a number of other committees appointed to deal with various subjects. I have not the proceedings here, but I think my Honourable friend, Mr. Neogy, has a copy of them and no doubt he will refer to this matter in the course of his speech. Now, Sir, I have always argued that to achieve any positive results, it is essential that there should be a separate department dealing with reconstruction, in charge of a full time officer with a status, at least of that of a Secretary, and that this department should have direct liaison with all the other departments and with the Provincial Governments. Fundamentally, the point I am trying to make is that the first essential of any scheme is that the Government of India itself should recognise and accept the fact that the task of preparing for reconstruction after the war is as important as any other task which the Government of India undertakes, second only to the winning of the war. I said yesterday, or the day before, that I was disappointed in the attitude of the Honourable the War Transport Member to our suggestions about reconstruction after war as far as the railways were concerned. Naturally, he said that the war effort must come first. Well, of course, we admit that. My reply to him would be, to use the American colloquialism: 'You are telling me'. Of course, we admit that, and we admit that it imposes a tremendous strain, particularly on certain departments; but the fact still remains that we have a responsibility to those men who are now fighting our battles, and it is that responsibility that I am so anxious the Government should take steps to discharge adequately after the war. I will not say anything more on this point, because from a leakage which has occurred, apparently, in the *Madras Mail*, I understand that something is in the wind, and no doubt we shall be told what it is when my question on this subject, which I believe will come up on the 20th March, is answered by the proper authority. But I do hope that we may be informed that the Government of India as a whole do now recognise and accept the importance of preparing for this all important task after the war: and as the shadows and the gloom begin to lift from the war horizon, and we see brighter things ahead, surely the urgency becomes even more apparent!

Now, Sir, my final word will be of a very general character. When we look at the wider horizon of world events, as compared with last year when we discussed the Finance Bill, we see the clouds definitely lifting and tremendous encouragement and hope are justified. When we look into our own internal situation in this country as it stands at present, there does not appear on the

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surface much room for encouragement. Yet I would suggest that the events of the past months should not mean that India, or Indians of any party whatever, need give up fighting for their aspirations. They do, I suggest, mean that the goal must be approached in a different way. There is a poet in my own country who once said a very true thing. "A great design is seldom snatched at once. 'Tis patience heaves it on". What is the design for India's future? I think that there is greater encouragement to be found in looking ahead than in looking at the immediate present. I speak entirely for myself, but may I suggest that a great design would be a United States of India, a United States whose common obligations would be defence and all that pertains thereto, and whose common interests would be trade and commerce and the well-being of the peoples in their boundaries. Surely, it is possible to organise or create a union or association of States in this great continent, which would be of great material power and would be potent for peace and civilization in this part of the world? Isn't that a dream of which every man might well be proud?

And may I say a word to my Indian friends particularly, not about their own country, but about mine, of which I am perhaps better qualified to speak. In the heat and passion of debate and controversy, we talk of this Government and that Government, and we begin to mirror in our conception the sins and omissions of the Governments which we criticize. But after all behind the Governments are peoples. The sons of England and the sons of India are fighting side by side today. That is a great thing. I look forward to the time when these present Governments will have gone, and the sons of England and the sons of India will learn to live together and to trust one another again. But as far as my own country is concerned, let the House remember that the national fibre has been toughened by the experiences of the last two or three years. Yet the peoples of my country are still passionately enamoured of freedom for themselves as well as freedom for other people. Of course, they love their freedom first and they have on successive occasions in the last 100 odd years stood firm between their liberties and the tyrants who would overthrow them—Napoleon, Bismarck, the Kaiser, and now Hitler. All have tried in their way to beat down the spirit and the independence of the people of the Island from which some of us come. On this occasion they have failed again, as they will always fail: and my own people's defence of their island home has meant also the defence of the freedom of other countries. It is recognised today by the United States of America, as never before, that the Battle of Britain was in effect the battle of the United States. Let it be recognised today that the battle for Britain was also the battle for India.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): What about the freedom of India?

Sir F. E. James: The freedom of India will be assured by victory, and victory will, I think, be assured by the united effort and concentrated purpose of the United Nations. That is the immediate task. My Honourable friend talks about doomsday. Doomsday may be many many years ahead, but the doom of the oppressor is near; that is the doomsday for which we are all working. That is the doomsday which will break open the doors of freedom for many countries and races and will give India her opportunity to build the freedom which she so much desires, after her own heart.

Mr. Govind V. Deshmukh (Nagpur Division: Non-Muhammadan): Sir, as we are in the midst of the war; naturally we are preoccupied not only with the safety of this country but with the social security which is to follow in the post-war period. To begin with, before I touch the most important points of my speech, let me associate myself with what has fallen from my friend. Sir F. E. James, regarding Admiral Fitzherbert. He has really done a great service to India; and so far as we, members of the Defence Consultative Committee, are concerned, we have found him a very straightforward man.

When we put him questions which for any other officer would have been awkward to answer, he answered us in a straightforward manner and it appeared to us that, many a time he put forward the view which we would have put ourselves: he used to say "Gentlemen, I have done this, but the Government is not likely to agree". He went so far as to tell us what the British Government was likely to do or not to do and what the Government of India's view was. I think a plain-spoken man like him is necessary. I am sorry he is going, a man who has been serviceable; especially when the navy is expanding; we do not know who will be his successor and how far he will be able and sympathetic and carry this programme forward. Personally I shall be sorry to lose him and I should have very much liked that he would serve this country for some years more.

The next thing I wish to mention is that while my friend has complimented the several combatant services, a gallant man like him should not have forgotten the Women's Auxiliary Corps—I do not know why he did not refer to it. . . .

Sir F. E. James: May I explain that modesty forbade me to mention it?

Mr. Govind V. Deshmukh: Truth requires that at times you forget your modesty. You were dealing with the several branches of the forces, and that is also a force, which is not negligible; and I think it would have been right and proper that the women should have certainly a word of encouragement from this House, and an appreciation by this House for the work they are doing and they should not suffer on account of modesty on your part. I hope that hereafter my friend, instead of being modest in that respect, when he is so outspoken and bold in other respects, will not allow that force to suffer in any way and that everything would be done to encourage that force also.

Now, before I come to the combatants or to the situation in the country regarding the defence of our country, I wish to refer to post-war reconstruction because at present when the war is going on the minds of everybody are concentrated more on the safety of their country, and everybody is in a hurry and ready to make sacrifices and collect means to make the nation's sacrifices as much as possible; but what about the post-war reconstruction? People are very slow to recognise the responsibility which they will have to face but those who have experience of the last war, the aftermath, know very well that there was a slump in agriculture, slump in trade and the people suffered heavily. It was because of that that in the very beginning of the session almost the very next day, I concentrated my attention on post-war reconstruction and put certain questions to the Treasury Benches which were answered then. The first thing I asked in connection with the army was, when the several forces are demobilised—the air force, the naval forces or the land forces—what was to happen to them? Has any provision been made and what are the steps and precautions taken that they shall not remain unemployed? I was given a very big and long answer—the long and short of which was that a fund was earmarked and that card index was prepared for every soldier and the rest was left on the knees of God. Then as regards the agriculturists also I put a question because that is another subject in which I take interest—in fact there are only two subjects in which I primarily take interest—agriculture and the army. . . .

The Honourable Sir Sultan Ahmed: I take it not Hindu law?

Mr. Govind V. Deshmukh: Then I put down a question and the answer given by the Honourable Mr. N. R. Sarker was, regarding the slump in agricultural prices that generally result after a war, that steps were going to be taken to face a condition like that, to see that the agriculturist is not faced with that particular critical situation, and that this subject was considered at the first meeting of the Reconstruction Committee for trade, international trade-policy and agricultural policy, held in May, 1942, and a sub-committee on agriculture has been set up to consider the post-war problems of agriculture.

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that an agricultural sub-committee or consultative committee is also examining the question. That is all: but whether anything was done, what was the upshot of this examination and how long it will take we do not know. Similarly another question was put by me, to the Honourable the Labour Member—"Have you done anything to prevent mass unemployment which is likely to result after the war?" And the Labour Member's answer was, "No formal scheme to provide against mass unemployment has been planned. In war time the scope for employment has increased enormously"—an answer which I did not require because I knew it. "As regards the post-war conditions, the Reconstruction Committee appointed by the Commerce Department will devote attention to it;" I do not know what his department exists for. I think this is as much a primary concern of the Honourable Member to see that we are not faced with such difficulties and it is the primary responsibility of the whole Government to co-ordinate their efforts to see that all these trouble do not arise. Of course, when we put these questions, we have to address them to different persons who are in charge of different portfolios, but it is surprising to see that somebody says "This is his concern; this is not my concern", and thus gets rid of his responsibility, I, therefore, hope that all these departments, besides having this Reconstruction Committee and sub-committees, will act in a co-ordinated manner. From all the talk we have heard just now about Reconstruction Committees, its antecedents and who appointed them and what work was done and what was not done, it appears to me that nothing was done. I came across a bit of news in this Madras Weekly Mail. Very likely they woke up after these questions of mine were addressed to them—this is the latest news and it is from their correspondent—and dated New Delhi, March 6th. This news has not appeared in any other newspaper and so it has got a value of its own:

"Sir Jwala Prasad Srivastava, the Member for Civil Defence, Government of India, it is understood, has been appointed Chairman of the Post-war Reconstruction Committee, with Major General Hutton and Sir Theodore Gregory as Secretaries."

"The Committee which was set up some years ago has not been functioning in a real sense but . . ."

—Here is an astrologer prophet, the correspondent himself a prophet—

" . . . with the appointment of Sir J. P. Srivastava . . ."

—Evidently with inside knowledge of the working which is likely to come and also of the qualifications of the several gentlemen who are appointed—

" . . . but with the appointment of Sir J. P. Srivastava and the two new Secretaries . . ."

—It is not merely Sir J. P. Srivastava, but the two new Secretaries, and who are those Secretaries? Major General Hutton and Sir Theodore Gregory,—

" . . . it is expected that the Committee will take up this work in earnest."

We are, therefore, entitled to know what this Reconstruction Committee which came into existence about two years ago was doing. Was it

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sleeping? What were the Secretaries doing, and why was it necessary for two new Secretaries to be appointed? Are these Additional Secretaries, or is this a separate Department with separate Secretaries, and Sir J. P. Srivastava, or has the same Reconstruction Committee been handed over to the new organisation? One of the things necessary to deal with reconstruction and the several ideas over which this reconstruction is going to concentrate itself, is funds; and the funds are the sterling assets. Yesterday it was suggested by Sir Frederic James that the sterling assets should be utilised to purchase such goods as according to him are necessary to rehabilitate the agriculture of this country, and he suggested power machinery, namely, tractors, pumps and several other things. Of course, one who has knowledge of agriculture in western countries or countries which are very advanced, can suggest such ideas only as are before them. But to spend money on a scheme like that in India would be sheer waste. In a country where you have very small holdings and where the owner of the holding is a poor man you cannot expect that that sort of machinery will be profitable.

The person has no capital to work with. Not only small holders, but holders who possess less than 500 acres of land to cultivate will not find it economical to keep tractors and other power machinery. For handling the power machinery it would be necessary to have skilled workers and the ordinary agriculturist will not be in a position to engage the services of experts. So, before making recommendations like these, one has to think of collective farming. Unless one has collective farming on the basis of Russia or at least collective farming of 500 acres and above, it would not be possible for anybody to have cultivation with power machinery on economic lines. As the suggestion was made yesterday that some of the assets should be utilised in purchasing capital goods like this, I sound a note of warning that it would be useless. At present, as it is, it is only the Government which can afford to have machinery like this, but then they have no cultivation of their own. They are merely experimenting and using this machinery on experimental farms.

I come now to the National War Front, and the propaganda carried on to instil patriotism amongst Indians to impel them to get prepared for the defence of their country. Some of the leaflets which we receive are curious, and they have a way which the authors may think are appealing, but which are not appealing. Let me give some instances. Once we had, or at least I read a little pamphlet or brochure saying that if the Japanese come and capture India your trade will suffer. Instead of saying this,—because we immediately think of the time when India's trade did suffer when the East India Company set its foot on this soil it would have been better to say Defence of your country is necessary that your trade may survive. I may refer to another pamphlet. It said, if Japanese come here, then they will treat you in a most barbarous manner. One gets reminded of the barbarities committed in the old days of 1857 by the East India Company. This is not the way to appeal to the people and create a psychology for defending India or get themselves ready for it. Instead, they should have said, if you fight, your position will be much better, your trade will prosper—not that it will suffer if they come, but if your country is defended by you your trade will prosper, if you defend your country, you will be in a position to secure freedom for yourself. This is the mentality which should be created. Some hope should be given, some promise made,—look here, this is what you are going to get, this will be a political benefit; if you do this, then you will get independence or what you ask, instead of saying if Japanese come you will lose what you have. You must inculcate this. If you do not do a particular thing you stand to lose that is one way; and another is, you stand to gain if you do this. I would rather have somebody tell me, if you do this, you will stand to gain, and not, if I do not do a particular thing I shall be losing something, because I am reminded of something which I have lost. Then there are other things like this which do not very much appeal. At times, it so happens that what appears on behalf of the National War Front is not also correct. There was an advertisement published in one or two newspapers which said that the agriculturists were in a very prosperous condition. I have shown in my yesterday's speech that the agriculturists are really not in a prosperous condition. The primary producer gets no benefit out of the high prices that are prevailing. Somebody else benefits, but instead of benefiting by this, the ryot has to pay something more for clothes, more for kerosene and other necessities of life. Instead of benefiting, he is losing, not gaining. If somebody says that on account of high prices the agriculturist is enjoying a prosperous time, then he is not telling the truth. The agriculturist who can read says this is false propaganda. I hope that in future the National War Front will study the psychology of people and see to it that their propaganda is not a negative propaganda but a positive one.

I now come to the question of the education of men as technicians. I find that there are not sufficient schools or workshops for this purpose. My friends

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suggested that it is only the expansion of the army we are concerned with, the Army, the Navy and the Air Force but we also want repairing work to be done and with that idea the Department is advertising for technicians and for applicants to be trained as technicians. I do not know whether the Defence Department is aware of this but I have found from enquiries in my province that there are not sufficient opportunities for training. The applicants are coming in in large numbers and in my province there is a long waiting list. It is very necessary that with the expansion of the army, there should also be side by side, expansion of the repairing section for machines. More schools are necessary. I hope that some more money would be spent on this object and if it is necessary to reduce expenditure in other lines for this purpose, it should be done.

Reference was made by Sir Cowasjee Jehangir to the direct reciprocal agreement between the United States and India. I am looking at this agreement from the point of view of the status of India and if we can enter into a direct agreement with the United States, without the intervention of His Majesty's Government, it would be decidedly a political advantage. The financial aspect of this has been stressed. I hope that the agreement will be such, as will benefit this country and I hope that the House will be taken into confidence in due course and that the agreement will be placed before this House. I am particularly looking at this matter from the point of view of political status. If we follow this up with similar agreements with other nations on our own initiative, our political status would rise higher and that is the one thing we are after.

Another point I wish to refer to is broadcasting. I am not concerned with the language problem or the paucity of members in service from a particular community. I am referring to the subject from the point of view of giving proper information about our own Allies in this country. I do not know how far efforts have been made to familiarise Indians regarding the conditions of people in other countries, their forms of Government and other matters. We might, in this case, follow the example of Great Britain or the United States. Great Britain is taking great pains to instruct its people about Russian society, about how they are fighting and how from being a backward nation they have now come to the forefront. Some time ago, Russia was not considered a European nation but an Asiatic nation and it is only recently that it has come to be regarded as a European nation. In England, they are giving information to the nation, so that there may be proper understanding between the two countries. I very much hope that in this country also we may follow the same example of instructing our people about the conditions of our Allies. A good deal can be done in the way of creating a good understanding between the persons of different nations who are our Allies. By means of broadcasting we can do some such service, as they are doing in Great Britain. For instance, take the celebration of the Red Army day. Unfortunately that was not done here on the 21st of February. They said that was the day fixed in England for their own celebrations and they never fixed any other day for such a celebration in this country. If we had celebrated that, it would have created better ties and established greater sympathy between Russia and India. We have taken no means, as other nations, particularly Great Britain and the United States, are doing, to bring the two nations together. I had also suggested that we might have expressed our gratification at the achievements of the Red Army . . .

Maulana Zafar Ali Khan (East Central Punjab: Muhammadan): And the liquidation of religion throughout Russia!

Mr. Govind V. Deshmukh: About that you can speak. We might have expressed our appreciation of the Red Army's efforts in Russia, by sending a message to the Commander-in-Chief and Premier Stalin, but that step was

not taken. When other countries are very keen on establishing contact and on increasing it and making it better, we should not be lagging behind in following their footsteps.

Now, Sir, I come to the question of agriculture again. The Railways are contributing to the general revenues some 20 crores of rupees. As I said before, part of the revenue which the railways derive is due not only to the third class passengers, of whom the agriculturists form the major part, but to the freight that has been increased on the goods of the agriculturists. I have already pleaded that that freight should be reduced because it hits them hard. My friends, the members of the European Group, yesterday expressed great sympathy for the agriculturists. I hope they will strengthen this demand of mine that something should be done to reduce the freight which the agriculturists find it very hard on themselves and thereby stimulate agriculture. For instance, when an agriculturist has to bring seeds from some other place to his own place and he cannot have a full load of wagon, then he finds it very expensive and troublesome to get the proper seed and for want of proper seed, he cannot grow a better crop. Similarly, if he wants to send his produce to the market, he has to pay this heavy freight. So, this heavy freight also comes in the way of his marketing. These markets are not usually situated near his own place where the cultivator grows his crops. They are situated at a distance of not less than 50 miles from his place. So, it is necessary that the railways should reduce the freight of all those things which are essential to an agriculturist. Then, from the point of view of the agriculturist, it is very necessary that the freight for the transportation of cattle should be reduced. Very often he has to purchase his bullocks in a distant market and also he has to purchase his cattle in distant places and then bring them home. Then, he has to transport his dry cattle to distant lands where they can be fed cheaply. So, if you take all these factors into consideration, then it is necessary that the railway freight should be reduced to help him to rehabilitate the agriculture.

Something was said about the manure which the agriculturist has to purchase. Of course, for that also it would be necessary to reduce the freight. But let me tell this House that it is not such a vital thing that we should use the artificial manure. The manure that we need is what they call farm-yard manure. It is the best for this country. It is the experience of many cultivators that if you use the artificial manure and if yours is not the province where there are any facilities for irrigation, then certainly the crops suffer if you do not get the rains at the proper time. Therefore, this artificial manure is a risky thing. Besides, manure is not such an important thing that I should press the Railway Board to reduce the freight on it. Then, you have to get this artificial manure from foreign countries. Sir, I am not in favour of the food of the poor man being taxed. As a matter of fact, in other countries there is no tax on food. So, in India, which is a very poor country, there should be no tax on food. One of the measures proposed is to tax the vegetable Ghee. Now, in the absence of the animal fat, this is the only thing on which the poor man can rely to meet his several needs. The poor man, who was formerly an agriculturist, could produce his own Ghee, his own milk and he and his family used to live on them. As a matter of fact, the agriculturist's profession was not merely to cultivate the land but to have a small breeding farm to get the necessary milk and Ghee. It has become now a very difficult task to maintain cattle on the farm. This is primarily due to the policy followed by the various Governments with regard to grazing. The grazing rules have become so pressing that the agriculturist finds it difficult to maintain the cows in his own farm. In the absence, therefore, of this Ghee, it is very necessary to have some kind of Ghee which is necessary for the building up of the individual's energy. So, I trust the duty that is proposed on vegetable

[Mr. Govind V. Deshmukh.]

ghee will be considerably reduced if not abolished altogether and the necessary money will be found by some other means. The expenses of the administration could be curtailed to find out something which could meet the requirements of the Finance Member instead of imposing this particular tax.

I hope, Sir, that the Army Department will take into consideration some of the suggestions made by me regarding the pay of soldiers, Lance-Naik and Naik. I do not know whether they have taken into consideration the growing expenses that an individual has to meet when he has got a family. From my personal experience and on enquiries made from some of these officers, I can say that the pay that they are receiving is not sufficient to meet their expenditure. Of course, you cannot expect these officers to come forward and speak about these things. If one comes across these persons in an informal way, if persons like us having opportunity to have a talk with them, one finds that they are not satisfied with the pay they are getting. I say they are not satisfied; for reasons you can go and find out for yourself. I say their needs are becoming very expensive on account of dearness of several necessities of life. In the end, I will make this one request that the pay of these persons in the Army, namely, Indian Sepoy, Lance-Naik and Naik, should be increased so that you may be able to get better men and a contented Army, which is the basis of bigger army to fight your own battles to victory.

Rai Bahadur Seth Bhagchand Soni (Ajmer-Merwara: General): In the atmosphere of this war, I stand in my seat to raise a voice of complaint however humble and feeble it may be, against the step-motherly treatment of the Central Government against my constituency of Ajmer-Merwara. While my other Honourable friends in this House have talked of big things, unfortunately it is my lot to talk in terms of elementary needs of men. I mean only water, health and education.

Imagine that in the year of Grace 1943, when primary amenities of life are within the easy reach of men, I urge for water.

Bitterness created by the indifference of Government leads me to think of the character of the people I represent. I am proud to say that when every part of India witnessed mass uprisings, and individual crimes after August 8, 1942, when acts of sabotage and arson, burning of public property and looting of banks and post offices, were resorted to by misguided mischief-mongers almost all over India in response to the Quit-India call, there was a corner in this country which remained calm and quiet. If you want to know in what part of this country, there lived no political malcontents and wire-pullers whose business was solely to agitate the public mind in and out of season against the established Government; if you are keen to ascertain in which particular tract of India there was no act of sabotage, no act of cutting the communication lines, no incendiarism, no deeds which the present day vocabulary styles as quislingism, I would refer you to Ajmer-Merwara. I am sufficiently proud of my people. I realise the implications of what I say and mean. Let my words be not twisted to mean that Ajmer-Merwara has no political consciousness, has no sense of what a Government ought to be and ought to do, has no aspirations for political advancement. The facts, as they actually happen to be, are that my people realise that the present is a critical juncture in the history of civilisation which is threatened to be replaced by jungle-law and brutalism and the people of Ajmer-Merwara are fully determined to give their full support in this titanic struggle against the Axis barbarism. They are anxious to see that they may not be guilty of any such action that will retard or weaken the war effort of the United Nations. Their efforts, their prayers, nay, every act of theirs, is imbued with the zeal for the victory of the United Nations.

Sir, such are the people of Ajmer-Merwara. I am sorry I have got no figures available now otherwise, I could have shown that among all the provinces of

India, the contribution of Ajmer-Merwara towards the war stands at a very high level, considering the contribution *per capita* in spite of severe famine that raged for about three years. Lately Government raised the Ajmer-Regiment and we are proud that recruits have come forth to join its ranks beyond even the expectations of the authorities. The other day the Commanding Officer of the Ajmer-Regiment toured my province and was deeply impressed by the good will of the people.

Perhaps I am digressing. I must come to my original point of water for the people of Ajmer. Since 1889, when Ajmer got its first water works, several extensions were carried out from time to time on the recommendation of experts which all, however, proved to be inadequate on account of the growing population of Ajmer.

Now, there is the scheme of Mr. Griffin who recommended taking water supply from the Saraswati Valley. We believed that Government was now going to redress this great cause of our grievances for good. We on our part in spite of our meagre resources agreed to bear an additional 25 per cent. of the cost on account of the rise in prices. But to our great disappointment, we were told later that the scheme is postponed for the present. I wonder if the Government proposes to assure us that this scheme will have precedence over all other schemes after the war or wants us simply to depend on the future. This Sir, is the awful tale of Ajmer's water supply.

What about education? In respect of the primary educational facilities to be provided to the province of Ajmer-Merwara, there is practically the same story as of water. I do not want to bother the House with the details of Government promises which were made presumably more for breaking than for keeping. The whole scheme of educational facilities has now been shelved. Let me thank Government for this act of their generosity. It would also not be out of place to mention that in Ajmer we have got only one High School for Girls for imparting higher education and that is the Savitri Girls High School which is being raised to college standard to meet the growing public demand. It depends for its existence on the generous help of the Government. Their building is lying still incomplete. May I expect that Government will consider its importance and give more substantial help to enable it to continue the useful service? There is another very astute way by which education in my constituency is actively discouraged. The young men of a place after receiving education naturally look up to the services of the place as their natural right, for in these days of provincialism nobody from Ajmer has the slightest hope to be taken in Government service in the neighbouring Provinces of U. P., Delhi, the Punjab or Bombay. Hence the natural inference will be that the people of Ajmer-Merwara should be provided in the services of the place. However, you, Sir, should not be surprised if I tell you that during the last two years, almost all the posts of Ajmer-Merwara have gone to outsiders through the agency of the Federal Public Services Commission which has thought it wise to treat a directly administered area so shabbily under the very eyes of the Government of India.

May I, Sir, invite the attention of the Government to the deplorable medical facilities in Ajmer and specially to those of the Victoria hospital? I wonder if the tottering condition in which the hospital is eking out its existence with an underpaid and overworked staff, unable to cope with the work, not because of any want of merit, but owing to the quantity of work being outside their capacity, can melt the hearts of the powers-that-be. The repeated representations of the local authorities have failed to crack the hard nut of the Government purse. The hospital had an additional civil surgeon, but since the time the last incumbent left his post, the Government preferred to keep the post in abeyance. Surely a suitable local man could have been found if no outsider was available. This would have satisfied us. Sir, it is the primary duty of a Government to discharge its obligation towards the maintenance of the health of citizens. Health

[Rai Bahadur Seth Bhagchand Soni.]

is a provincial subject, and we could very well expect that in a centrally administered area, the Central Government would discharge its obligation in this respect in such a way that would serve as a model for the Provincial Governments.

May I request the Government that they should at least take over the work of the annual repairs of the hospital buildings, as the hospital with its meagre resources is unable to meet this expenditure which would be a mere trifle for the Central Government and a real help to us? Such a deplorable state of affairs cannot continue for long.

Sir, the District Board of Ajmer-Merwara has its own story of grievances. The previous Government grant of Rs. 15,000 has been cut down to Rs. 6,000 per year whereas the Delhi district with a population of 33 per cent more is given Rs. 1,50,000 a year.

Sir, famines are very frequent in my Province. Recently one lasted for about three years and the Government spent about 70 lakhs on relief measures. Prevention, I maintain is better than cure. If Government would have spent over some years much lesser amount and carried out a constructive plan, the famines might have been avoided and agriculture improved permanently. This would have been a much cheaper insurance premium against distressing famines.

Mr. Akhtar Hussain, I.C.S., Officer appointed on special duty submitted his report to improve sanitation, health and housing a few years ago and no action has since been taken on it. It is unfortunate that the document has been pigeon-holed in spite of all assurances given by the Government. Anyhow, Sir, I request the Honourable Sir Jogendra Singh to kindly take up this matter and to pay us a visit in Ajmer and study matters on the spot.

I was once told by a friend that blessed are the ignorant for they will not suffer from the consciousness of an untenable political situation. The irony of the remark came home to me when I discovered that Ajmer-Merwara had no place in the beneficent scheme of Sir Stafford Cripps. On discovering this, I wrote asking for an interview to apprise Sir Stafford Cripps that Ajmer-Merwara existed if not politically, at least geographically. I received a very courteous reply which indicated that to him that hath shall be given and those that have not shall be considered later.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I want to continue the speech which I commenced on the occasion of the general discussion of the Budget but which unfortunately the President did not permit. The last point on which I was speaking the other day was about the accumulation of sterling credit. Now, Sir, we know very well how sterling credit has been accumulated. We know very well that currency notes are not sent from one country to another. The currency notes have full significance only in India, but our currency notes have no significance in other countries. Take any country, say England. We purchase goods from England. Now the difference between the prices of import and export is called balance of trade. When the balance of trade is not equal, in olden days they were equalised by the transfer of treasure. Before the Great war, generally speaking we had a credit balance of 50 crores of rupees and this we spent in purchasing what is called treasure. The difference is always made up by the transfer of gold or silver which is called treasure. In prosperous days, before the war, we always accumulated gold in the country, which was the difference in the balance of trade.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

When depression began, the tide turned against us. We had an unfavourable balance of trade which was made good by the transfer of gold from this country to England in order to equalise the balance. No doubt if we take up

visible balance of trade and also invisible balance of trade, then they must equalise as I said eight years ago, that the sum of visible balance and invisible balance of trade must always be equal to zero. In these days it is not possible to get gold, so that whenever an unfavourable balance of one country is left over, it is accumulated in terms of currency which is really on the debit side. In these days we sell more to England and England sells comparatively less to us. Now this difference of balance of trade is not made good by the transfer of treasure, that is gold or silver from England to India, as the precious metal is not available anywhere for transaction purposes and, therefore, our credit has accumulated in England which is in the neighbourhood of about 600 crores. After the war, it will rise to even above one thousand million sterling. This is the big reserve which we have got and which we have accumulated during the war. The question arises as to how we should dispose of this sterling credit or sterling security which we have accumulated in England. Before I tell anything about the manner in which this may be disposed of, I should like to draw the attention of the Honourable the Finance Member, in whom we have very great confidence, as I think he is a good fighter for the cause of Indian finance, to consider a few points.

We have to see whether the time has not arrived when we should have direct negotiations with America about reciprocal Lease-Lend arrangements. At present we negotiate through England and by my means of sterling, but I would very much like to see—with the credit at our back—that we should have a direct negotiation between rupee and dollar. This is just the time to begin and to discuss this matter and if you take up this question I am sure that the opinion of the people of India,—at least that section of our people who are in favour of having a solid financial basis of our Indian finance,—will support the Finance Member. Any Lease-Lend arrangements that may be negotiated should not only include war requirements, but should also include the requirements of trade and particularly the requirements of educational institutions. There is a lot of very costly apparatus which we require for experimental purposes which you cannot possibly purchase in these days. In the first place, we have got no money; and, in the second place, dollar securities are not available. Therefore, these requirements should also be considered in any Lease-Lend arrangements that may be negotiated, and we should be permitted to purchase on Lease-Lend basis the requirements of our industries and also the requirements of educational institutions. This is one point on which I would very much like the Finance Member to initiate discussion: whether we should not have Lease-Lend arrangements direct with the United States of America by means of rupee and dollar and not through the medium of sterling.

The second point on which I would very much like him to initiate—and I hope the public opinion not only in this country but in all the countries which form part of the United Nations will support this—discussion on the suggestion that the time has now come when there should be some kind of economic connections between the countries forming the United Nations, who are now putting up a fight against the Axis Powers. At present, really speaking, there are two important currencies—Dollar and Sterling—but other countries have got their own currencies, for example India has got a rupee. I think it is very desirable that we should take legal action and link up all these currencies by means of law. It should not be left to the natural movement of the trade and to the banks, but we should have a law which will establish some kind of legal link between the currencies of the different nations forming parts of the United Nations. If this is done and the rupee, sterling and dollar and currencies of other countries are legally linked together by a Commission appointed by all the Nations, it will lead to great stability of the countries not only during the war but also after the war. If that is not done, I am very much afraid

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of what would happen in this country after the war and that is the sort of thing which I would very much like to safeguard against at the present moment, if it is possible to do so. If the currencies of all these countries are linked together then there will be no danger and we will be in a better position to plan our future re-construction. But if it is not done—and this is the proper time to initiate a debate on this particular point—then there may be a danger after the war. . . .

Sir Cowasjee Jehangir: A debate in the House?

Dr. Sir Zia Uddin Ahmad: The Finance Member should initiate on behalf of India and he should make a suggestion to the United Nations that the currencies ought to be linked together. In that case the danger which was expressed some time back, that after the war the sterling may go down and may not have the same value and our sterling securities and credits which we have in England may also go down in the world market, will be safeguarded. It is very desirable that we should discuss this from purely economic point of view and from the point of view of the prosperity of the United Nations, i.e., we should not think only of the war, but we should also think what would happen immediately after the war.

Then, we should have discussion as to the manner in which our floating reserves should be kept. A suggestion was made that the low interest of half per cent. and one per cent. is not good enough. We should invest it in order to have good results and investment should be better. I hold a somewhat different opinion—I may be wrong—namely, that this reserve should be kept in floating account. It should not be invested in a long term contract because we do not know how much money we require and at what time, and I believe it would be a mistake to invest this money in any long-term contract even if it may bring double or treble interest. We may invest in the form of treasury bills, which is a short term contract, or any other form which would be short term investment, but I would not like to have this money invested on long term contract either as paper currency reserve or by any other name. We know from our experience what happened after the last war: People who had invested their money only in buildings and factories came to grief; they could not find money when they needed it and they had to borrow it on very unfavourable terms. I know of a friend who was tea planter in Assam who had invested all his money in tea gardens—his income was about three lakhs a year—and when he required the money, he had nothing. He had to borrow from some businessman in Calcutta on terms which no person could even dream of and which should not be allowed in these days of civilization and there ought to have been restrictions on money lending, but the result was that he borrowed the money on unfavourable terms and he came to grief. He could not pay the debt and some of his tea gardens were sold.

I can very well understand that we should change our sterling liability to rupee liability and the less sterling liability we have the better it is because this will always be a doubtful factor in the future budget of this country. Therefore, the steps which the Honourable the Finance Member has been taking are very welcome and we appreciate that all these sterling liabilities should be changed into rupee liabilities.

Then, I come to the purchase of Railways. This is a very good use of spending our sterling credits and we highly appreciate that as well. But whatever money is left, it should be spent in purchasing the articles which we require and particularly heavy machinery which we will need immediately after the war, but the proposal to invest this money and purchase pensions or provident funds out of the reserves is a proposition which is not quite

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intelligible to me. It reminds me of a story of a person in the Punjab. He was a magistrate. He went to a village and asked the headman to pay a fine of Rs. 100. The headman said, "What for? What

have I done?" The magistrate said, "I cannot wait till you have committed an offence. I want the fine. I cannot wait for you". This is the story of my friend who is not in his seat just now. The same is the case of the purchases of security. We have kept this money and we cannot bring it out in the shape of treasure or gold. We have to bring it back in the shape of articles. We have supplied it in the shape of commodities, so we have to bring it back in the shape of commodities. But if the commodities cannot come on account of shipping or because other things are not available, it does not follow that it should be spent somewhere else, like the fine that was imposed. So, if there is nothing to purchase, why should we create something so that we can purchase it. In other words, why should we purchase our future liabilities, e.g., pensions and provident funds. But if we purchase the present liabilities, then I am sure when our liabilities increase we will also purchase the liabilities we shall incur in the course of the next few years in the retirement of persons in 1945, 1946 and 1947. I think this system of purchasing security is not a fair one. I understand that we ought to pay for certain things for our future generation, but there are others for which we are not responsible for payment. The payment of pensions not only in England but in India also is really the work of future generations and the present generation should not be responsible for it. This I think is not a legitimate way in which we should spend our sterling security. The point made out on the floor of the House by my friend, Sir Cowasjee Jehangir, and by Mr. Jamnadas Mehta and others was that this money should be available for us after the war and we should be at liberty to purchase commodities from any country and that we should not necessarily be tied down to borrow from one particular country. We should be able to go to the cheapest market available at the time and the credit should be utilised to purchase our requirements after the war. So, it is really a great thing that we have got sterling securities, and it is very desirable that we should not waste them in purchasing our future liabilities.

The next thing I would like to take up is the question of inflation and deflation of currency, about which I heard so much. There is no doubt that our currency needs, just about the beginning of the war, valued 170·92 crores. Now they have increased to 560·57 crores, nearly an increase of more than three times. But what is the meaning of inflation? This is a thing I would like to understand. Does inflation mean that we have more currency than we require for ordinary transactions? Is this the meaning? Or does it mean that we have a currency against which we have got no currency reserve? These are the two points which we have to consider before we can express an opinion whether we have an inflation or whether we have just the normal requirements of our currency.

Before I take up these two points, I may point out the background of the general political considerations which have to be reckoned with when we have to settle this question. There is at present a tendency in the country, initiated by the enemy countries, which is taken up by a class of persons, who only want to have some kind of disturbance in this country for the dislocation of traffic, including terrorism, dislocation of currency and dislocation of the food markets. As soon as war broke out the people began to hoard money. They hoarded money, not so much with the intention of keeping with them a metallic reserve, but they hoarded primarily with the object of creating shortage in the currency and dislocating the ordinary transactions in matters of currency. The Finance Member realised this in time and he initiated the theory which was quite correct from the point of view of our purpose and it should not be tested by old economic theories which were made for peace time. When he found that there was a tendency to hoard all this currency, he issued his rupee not in metal or silver, but in paper, and since it was a token coin it was just as good as to publish it in paper. So let people hoard this particular rupee. It does not matter very much. Nobody would like to hoard this paper rupee

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for a very long time, and it did meet the requirements at that moment. You will remember what happened 18 months ago? There was such a shortage of rupees on account of the attempts of certain individuals to dislocate our currency policy that the rupee was not available. We had five rupee and ten rupee notes and we took them to the market but we could not get food and many restaurants published notices asking people not to come and purchase anything unless they had rupees in their pockets because the restaurants could not give change. This was realized in time by the Finance Member and he met this dislocation by issuing his paper rupee.

Now, I just want to know how much currency is required for normal work, keeping in mind the tendency which is there already for dislocating the market and putting this currency out of circulation. Any one who gets up and charges the Finance Member for having inflation should establish his case after taking into consideration our purchasing requirements in the Supply Department, which is 18 crores per month, the expenditure now incurred in the Defence Department, British, American and Indian and also the budgetary position of the Government of India and of the Provinces, and in addition the increase in the business all round necessitating an increase of currency for ordinary transactions. The answer to the question whether there is inflation or not will depend on the answer to these questions. If I require one hundred rupees for a transaction and I print notes for Rs. 100, then you cannot call it inflation. But if I require Rs. 100 for my normal business and I print notes for Rs. 200, then you may say I have overprinted Rs. 100. It is not, therefore, sufficient to say that your currency notes are three times the amount before the war. Such a proposition has no meaning but the answer is that business has increased about four times what it was before the war, and since business has increased, naturally we require more paper currency to meet our requirements. Anybody—economists or politicians or those who are accustomed to curse everybody but themselves or any other set of people—has really this first duty to see how much currency is necessary to meet the present requirements of the time in order that we may not be put down by the propoganda to dislocate the currency of the country.

The second argument which they bring forward is that you have printed the notes, but what is the currency reserve behind it? I tell these gentlemen that the theory of metallic reserve is a theory of old times: it was true about ten years ago during peace time; but now during the war this theory is out of date and it will never come back into this country. In the old days the currency was either gold or silver. For the sake of convenience, so that we may be saved from carrying a large metallic amount in the pocket, they invented notes; but for every note issued they kept at some place sufficient silver or gold so that they may be able to pay the entire note currency if it came back to the currency authorities at any moment. But now gold and silver have gone out altogether: they are no longer currencies—in fact they are no longer commodities. A commodity is a thing which is available in the market; but if a thing is located in one particular place—like America—you can call it gold or silver or anything you like—it has got no value at all; and, therefore, at the present moment gold is neither a currency nor a commodity; it has absolutely no value whatsoever and so what is the use of keeping it as a metallic reserve? It is nothing better than stone or iron because when a thing is locked up in one place, it makes no difference whether you put a stone there or whether you put gold there. Therefore, this theory of metallic reserve is obsolete, out of date theory, and you cannot say there is inflation of currency because there is no metallic reserve. This argument may have been good enough before the war, but now when there is no gold available in any form, this theory is no good. Therefore, when we discuss inflation, I say it has no meaning whatever. It is merely a word which neither they understand nor we

understand; and I challenge whether anybody understands it at all. Therefore, when they do not understand the meaning of the word 'inflation', the arguments which they advance on the basis of a wrong definition of the word must also be fallacious. My friend the philosopher—the Finance Member—knows that if your major premise is wrong, then all your other conclusions from that premise are also wrong. You say that because there is inflation of currency the value of the rupee has gone down; and since the value of the rupee has gone down therefore the value of the other commodities in terms of the rupee has gone up and therefore that is the reason of high prices prevailing all over the country; and that if you print less notes then the prices will go up. Suppose the Finance Member stops now and reduces the number of currency notes from 680 to about 500 crores, do you mean the prices will go up? This is absolutely unthinkable and though it may be good enough on paper it is not good enough in practice. Their calculation will be like the calculation of that person who attempted to cross in a boat by calculating the height of the persons in the carriage in which he was travelling. The story is this: a person was going in a bullock cart and had to cross a river: there were five persons in that bullock cart; and he found out the depth of the river to be only 15 feet; then he said, "What is the height of the bullock cart? 7 feet. What is my height? 5 ft. 6 in. What is the height of my wife? 4 ft. 6 in. What is the height of the other persons, and so on? The total is 18 feet; and since the depth of the river is only 15 feet, we can cross the river". So he went on and everybody was drowned unfortunately. Then this *bania* who had calculated the figures said: "No, my calculation is all right; there is absolutely nothing wrong about it. Why has this happened?" So, this happens, that if you start with a wrong definition of inflation, then you come to wrong conclusions, just as this *bania* did. I would, therefore, like to give up this particular kind of argument. The cause of high prices should be sought elsewhere, and when I begin to discuss this question of control—which I will do later on—I will discuss the mistakes which the Government of India have made and which are responsible for the sudden rise in prices.

Before I come to the question of shortage, I should like to mention the question of the shortage of small coin. This is a very important question, and I think our friends have succeeded in dislocating trade and creating dissatisfaction among the smaller people. In spite of the attempts of the Finance Member in introducing the new pice coin with a hole in it, and managing to reduce the quantity of metal in it to half its former weight, he must have calculated this mathematical problem as to how much reduction could be effected by this hole with so much radius—by 50 per cent.—he must have made his mathematical calculation—I have made no calculation but perhaps he left it to fate as to what quantity of metal he could save in preparing this new pice. I do not know either how many of the new pice he has minted. But certainly many persons here even in this House have not seen it.

Syed Ghulam Bhik Nairang (East Punjab: Muhammadan): I have not seen.

Dr. Sir Zia Uddin Ahmad: I think the Honourable the Finance Member had probably the first or second pice coin that was minted in this country, and I know of one Director of the Reserve Bank who had one in his pocket. Otherwise I have never come across any such coin in ordinary dealings anywhere else. This shows that the number of coins is very small and it is not sufficient for daily requirements. I do not want to take up much time of the House in describing the way in which the old coins have disappeared from circulation. That may have been due to melting for reasons of profit, but I think they have been hoarded in order to dislocate the currency of the country. I asked the Honourable the Finance Member one question as to how many smaller coins would be necessary for meeting the ordinary transactions. I do not know whether any attempt has been made to make such a calculation. I would like to give notice now to him that I shall raise this question in the Standing Finance

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Committee as it is exceedingly important from the point of view of ordinary daily transactions. The other day I had a deputation of people who carry on trade in a small manner, *kanchawalas* and others, who sell things for Rs. 2 or 3 a day and make about eight annas. They say their trade is absolutely gone, because people have not got one pice or two pice or one anna or two annas to purchase from these *kanchawalas* and they say they cannot sell anything. These men are starving, they have got no trade because people have not got sufficient small coins to purchase from them. We ought to come forward and save such people from the misery into which they have fallen and this can be done by means of issuing more small coins. Though some portion of our old coins have been melted for profit because the value of copper in the coin was more than the value of a pice, still the number of coins melted in this manner was comparatively smaller than that hoarded in order to dislocate currency. In some provinces they have taken some strong action and punished those persons who hoard small coins, but the action taken in some other provinces is not sufficiently rigorous. I suggest that we should have an advertisement that any person who may find out that any individual has hoarded small coins in excess of requirements for ordinary business, should be given a reward of Rs. 1,000, and the person who is arrested should be heavily punished. Not only should he be fined but he should be fined in such a manner that it may have a deterrent effect in future.

The Honourable Sir Jeremy Raisman: We have done that.

Dr. Sir Zia Uddin Ahmad: Strong action is necessary in that direction. Along with that, we should also introduce small coins whose actual value may be less than the value of one pice and so on, so that by hoarding it people may not gain at all. This is a point which requires the careful attention of the Finance Department. As my Honourable friend, Mr. Azhar Ali, pointed out on the occasion of the debate on the Railway Budget, even the booking clerks in the railway stations who get change keep them. Whenever any person comes with small change to buy a ticket, the booking clerk keeps it, and when anybody else asks for a change he does not part with it. Either the passenger has to go without change or he gets postage stamp, which is very unfair because at nights they might pass off used stamps. Even when I go to purchase petrol I cannot get change. If I buy two gallons of petrol, the cost of which is Rs. 4-9-0, I do not get small change of seven annas, but I have always got either nothing or seven one-anna postage stamps. Why these stamps are utilised I do not understand. It is also done under our very nose in the post office in this Legislative Assembly building.

I come to some points raised in the Budget speech. At page 14, the Honourable the Finance Member says:

"At this point I may also allude to measures we have taken to afford relief to large numbers of persons evacuated from Burma in the face of the Japanese invasion. Some 400,000 persons left that country by the land routes leading into Bengal and Assam and approximately 84,000 were evacuated by sea and air. Special organisations have had to be set up on an adequate scale to deal with these. In Assam we provided over 30 camps with medical and sanitary staffs for their reception. It has also been necessary to make advances of money to afford to those at present destitute an opportunity of rehabilitating themselves in their new environment. All these measures have cost us about Rs. 100 lakhs."

In this particular point, we were given to understand that the pensions and the reliefs that were given to the Europeans and Anglo-Indians who came out from Burma were paid for either by the Burma Government or by His Majesty's Government. I understood that we were not going to meet this expenditure. This paragraph which I have read reveals the fact that we have spent about one crore of rupees in providing houses for all these evacuees from Burma. We know that in every town in India houses have been taken up, a number of houses have been taken up for the residence of the evacuees from Burma. They are not Indians but belong to all nationalities who are friendly to us. Their expenses are paid by the Government and they also get some pensions. I

understand that they come out of the budget of His Majesty's Government and not out of the budget of the Indian Government. I want to know in what manner this one crore of rupees has been spent. Is it spent in providing facilities for residence and advances to those persons who will ultimately settle down in this country and are really Indians who had gone to Burma in the hope of settling there but have since realised that their hopes were mistaken?

The next point to which I would like to draw the attention of the Honourable Member is on page 16, about the division of Budget expenditure into revenue and capital. I thought in war expenditure everything is revenue. There is very little capital in war expenditure. He may have spent some money in erecting a factory or in putting up certain machinery and so on. These will have very little value after the war. So, this division between capital and revenue was not intelligible to me and it is not explained how much of the expenditure he would debit to revenue and how much to capital and since these things do not come before the Standing Finance Committee, we have no opportunity of finding out the distinction between the two.

On page 14, the Finance Member has also mentioned the losses due to political disturbances. He said:

"On this alone we estimate to spend approximately a crore of rupees. This figure, of course, takes no cognisance of the great loss we have suffered in the damage to our property, particularly on Railways and in the Posts and Telegraph Department."

Now, I should like to have a rough estimate of the losses we have incurred and in what way they would be met. Under what head will that be debited? Will it be paid by the Railway Department from their own Budget or the Posts and Telegraph Department from its own Budget or will the expenditure be met by the ways and means accounts of the Government of India? This is a point which is not quite clear to me. Why should not this loss be recovered from those who have done the damage? Why should we, who are innocent and do not subscribe to these disturbances, be made to pay for these losses? This is unfair. Why should I pay for a loss for which I am not responsible and which I do not like? It should really be paid for by those persons who are responsible for the damage. This is a point which the Finance Member has not elucidated in his speech and I trust that on some occasion or the other he will make this clear. Before I take up the Finance Bill, I should like to associate myself with the Leader of the European Group in expressing our great sorrow at the loss of the Governor of the Reserve Bank. He was a great asset to the country and his loss will be felt on the present occasion.

I am now making the speech which I wanted to lay on the table on the last occasion. I now come to certain features of the Finance Bill, before I offer my criticisms on the other aspects of the Administration. It was pointed out that we have a deficit of 60 crores. The Finance Member suggested that one-third should be raised by taxation and two-thirds by borrowing. Some members say, 'No'. They say that the whole amount should be met by borrowing. It is very difficult to express any opinion on this. If you say, one-third, why not two-fifths or one-fourth or any other figure. I think in principle it is all right that we should pay what we can and leave the balance to future generations who will be benefited by this war. Now, whether we have reached the maximum taxing capacity is a question to be considered. I believe we have reached the maximum taxing capacity except in the case of certain persons from whom you can squeeze out as much money as you want. No one has any sympathy for them. The average person whose income is limited and whose expenditure has gone up is not in a position to pay on account of the rise in prices and he has to pay an invisible tax which my friend, Sir John Sheehy, does not take into consideration. I will explain what I mean by invisible taxation. I think the maximum taxing capacity has been reached and it is impossible now to tax even a man whose income is Rs. 200 a month, because he cannot afford to pay more into the coffers of Government. In every other country, the unemployed are supported by the State out of the taxes which we pay. In India, every one

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has some cousins or nephews or other relatives and friends to support, because there are no persons to look after them. These persons who would be supported by the State in other countries are supported by the people themselves in India. This is what I call an invisible tax. I calculate it at 7 annas in the rupee. This is the amount of the invisible tax which every one has to pay. Some years ago I raised this point when the Congress members were here and Dr. Deshmukh strongly objected to my figure. He said it ought to be ten annas in the rupee. Sir John Sheehy never takes into consideration this invisible tax which according to me is 7 annas in the rupee and according to others ten annas in the rupee. Now, my point is that this is a sort of tax and you cannot add another tax to this tax. The tax should be only on 9 annas after deducting this invisible tax of 7 annas and not on one rupee. I trust that the Central Board of Revenue will take this into consideration. This is a question which ought to be considered by the Finance Department in relation to the taxing capacity of the people. If you reduce the income of the people, their paying capacity will be less. I do not believe in the theory of the Finance Department that by spending less the commodities will be reserved for war purposes. This theory, to my mind, has got no foundation and it should not be supported. Therefore, the question as to what percentage should be collected by tax and what percentage should be collected by means of a loan is a problem which cannot easily be solved. Any theory which we may build up will be very artificial and the zero will be just as good as one-third. I think the taxing capacity has already reached its limit and it is very difficult now to impose further taxation at the present moment. I suggested one item of income on the occasion of the Railway Budget but the Finance Member did not take it up because he was opposed by his colleague, the War Transport Member. But I kept this in pocket for the utilisation of this amount during the coming year. It is the amount of 18 crores from the railway reserve fund. He could have easily taken this amount from the railway reserve fund. In that case, fresh taxation would not have been necessary. But I do not press this question just now and I did not press my motion to division when this question of finance was being discussed on the floor of the House. I thought I had better keep this amount in my pocket to be utilised in the coming year.

Sir Cowasjee Jehangir: I think you will be much mistaken if you do that.

Dr. Sir Zia Uddin Ahmad: Am I to understand my friend to say that there will be fresh taxation on the incomes next time? If there is such a fresh taxation, then only the excess profits tax should be increased and no other tax.

Now, I suggest one other method of taxation which will be very fruitful for the year 1944-45 which I call the poll tax. Now, what is this poll tax? The poll tax is a tax which is levied in the same manner in which the story of that magistrate was related. There was a gentleman who went to an Indian State for employment. Now, he found there was no employment there. So, he thought of a very novel scheme of taxing the people. He took a house close to the railway station and he employed well-dressed peons and so on. He had printed receipts and everything else was in a tip-top condition. Whenever any passenger came in, he asked him to pay the poll tax. They asked him what this poll tax was and he only replied, "This is *Sarkar-ka-Hukum*". In this way he realised two, three, four and even five rupees from each and every passenger. All this amount was credited to a fund from which he took his own salary and also the salary of the peons and so on. On one occasion the brother of the Ruler of that State came out and he realised this poll tax from him also. He complained of this tax and then an inquiry was made by the Ruler himself. This man told the Ruler, "Here is a tax which I have levied called the poll tax and I have paid so much money into your treasury". So, the Ruler said, "This is all right". So, I suggest a poll tax which I want my friend to levy in the year 1944-45. This will be a tax on all those persons who have got more than one crore of rupees.

• **Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): One crore in assets or in cash?

Dr. Sir Zia Uddin Ahmad: My Honourable friend has raised a very important subject of mathematics whether it should be a tax on capital or on income. Since it is a poll tax it should be a tax on both income and capital.

Now, Sir, I come to some important things and I begin with Delhi province first. In this connection, I would like to draw the attention of my Honourable friend the Law Member about the administration of the Delhi province. You know there is a law in the Delhi province by which they have authorised the Chief Commissioner to take away any section from any enactment of any province. He can take away one section from the United Provinces Government, another section from the Punjab Government and yet another section from any other Government with or without the permission of his department. I am not sure about this. But even if this permission is given, it is really confidential and the public is not aware of it. But the Chief Commissioner of Delhi makes a new Act in this way which is called the Delhi Province Administration Regulation. Now, the manner in which this is done reminds me of a very good story. There was one person who approached an artist to produce a very good picture. The artist said that he could not draw a picture from mere imagination; he must have a model from which he can draw the picture. So, he went to one shop and purchased a nose from there; he went to another shop and purchased a pair of ears from there; he went to another shop and purchased a pair of eyes from there; he went to another shop and purchased a set of teeth from there. In this way he bought different parts of the human body from different shops and put them all together. In this way he had his model from which he drew the picture. That picture was no better than the picture of the beloved drawn by some painter from the descriptions of the poets. Now, if you take up the descriptions of the poets and draw a picture, then it will practically be the same as was drawn up by this particular individual. So, if you take up the Regulations of the Delhi province which have been compiled by taking a section from this province and a section from that province, they will look like this picture. Those sections may have been passed under entirely different conditions in different provinces and yet they form part of the laws of the Delhi Administration. Sir, I understand democracy and I understand Hitlerism, but I do not understand democratic Hitlerism. This is an expression which is entirely new to me. I do not know whether this practice has the permission of the Law Member or whether it is done with the knowledge of the Home Department. I hope these two Honourable Members will explain when they get up to reply to this question.

Then, Sir, the only body that has got a representation in the Delhi province is the Municipality, otherwise they have got no representation of any kind. Though we have been talking democracy very loudly, it has not been translated into practice so far as the Delhi province is concerned. The income of the Delhi Municipality is 39 lakhs out of which 21 lakhs, more than 50 per cent. is spent on establishment alone and very little is left for the amenities of the people. There is very little left for education, roads and other amenities of life. Then, take the Public Works Department of the Delhi Municipality. Their budget is of Rs. 80,000 and the pay of engineers and so on comes to Rs. 90,000.

Now, they have appointed a medical officer not for one year or two years but for life. This life appointment I have never heard of. He has been given a salary not on the basis of the population of Delhi but he has been given the salary which is given to officers in Calcutta, Bombay and other big towns. This officer is getting more than the medical officer in Karachi. This is the method in which the Delhi Municipality affairs are conducted.

An Honourable Member: What is the salary of the medical officer in Calcutta?

Dr. Sir Zia Uddin Ahmad: That is not for me to answer. The Honourable Member who comes from that place will tell the House about the salary.

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Now, this is the way in which the affairs of this Municipality are conducted and this is the time when we should have some representative body who should look after the administration of this municipality and look after other things as well.

The next thing in this connection is that they gave a definite promise that land will be developed. Money realised will be utilised in developing slums of the old town of Delhi. Now, the price of land has been very much appreciated. The entire amount is going to be credited to the Government of India and very little is given for the improvement of slums. Sir, this is province administered directly by the Government of India, but this is a province which is most neglected and nobody cares for it.

I come now to the important question, *i.e.*, amenities to the people of Delhi regarding their daily requirements, *e.g.*, food, coal, kerosene and other things. This I will not take up at the present moment but I will take it up along with the question of food as a whole.

Now, Sir, I come to the Supply Department. I am sorry that Sir Homi Mody has not waited to hear the criticism of the administration of his Department and he managed to get away a little early. He could not hear what we have to say about his Department. Briefly speaking, I may say that the percentage of Mussalmans at the time when Sir Homi Mody took over the charge was 30.7 and during his regime it was reduced to 12.5. That is the result of his administration. He is a very old friend of mine, we have worked together on many occasions for the last so many years. I would like to explain on the floor of this House the causes of such deterioration in regard to the percentage of Mussalmans in the Supply Department. I will tell you, what has happened. They have five Selection Committees for the recruitment of establishment in the Supply Department and all the five Chairmen are Hindus. There is not even a single Muhanimadan or an Englishman. I can never think of Selection Committees in which all the Presidents belong to one particular community or men thinking in the same way. They have utterly ignored this fact. Mr. Kirpalani is the Chairman of the Delhi Committee. Mr. Sarma is Chairman, Mr. Sukh Dev is Chairman in Bombay, Mr. Nehru is the Chairman of the Committee for the appointment of Planning, etc. Mr. Bhide is also Chairman. All these gentlemen are Hindus.

Mr. J. A. Mackeown (Government of India: Nominated Official): The Honourable Member is only 40 per cent. wrong.

Dr. Sir Zia Uddin Ahmad: I am not going to admit the statement of my Honourable friend. I have mentioned the names of the Chairmen of Selection Committees. It is for him to tell this House, when he gets up to reply to these points, that such and such is a Muhammadan Chairman. Will he please tell me, if there is even one Muhammadan Chairman? I wait for the reply.

Mr. J. A. Mackeown: There is no Muhammadan Chairman of the Selection Committees. There might well be of some temporary committees which are set up from time to time.

Dr. Sir Zia Uddin Ahmad: I am talking of the Selection Committees which are responsible for the recruitment of clerks and subordinate staff for the Supply Department. I am not concerned with temporary committees. I am concerned with the permanent Selection Committees. I am stating the facts. I am sorry, I have got no grouse against my Honourable friend, Mr. Mackeown. If Sir Homi Mody were here I could have fought with him on this question, but to my misfortune, he is not here.

Now, you cannot say that for these appointments technical qualifications are required. All these gentlemen belong to the Indian Civil Service. I ask are not there I. C. S. people in any other community except Hindus? Perhaps my Honourable friend might say, well Muslim I. C. S. officers are not available.

because Provincial Governments do not like to part with them. A poet has said :

"Ae roshni-e-taba tu bur mun bala shudi."

Because Provincial Governments think that they cannot spare them, so the Central Government is helpless. I make a suggestion. If you cannot get suitable I. C. S. people you can probably get men belonging to the Provincial Service to fill up this particular gap.

Now, this is really for the Selection Committees. When they found that the Chairmen of all the Selection Committees belong to one particular sect of people, they naturally assumed that the idea of the gentleman who represents the Government of India in the Supply Department is at least that these Committees should utterly disregard the Resolution of 1934. They disregarded it. They said all right. As regards the technical qualifications that Resolution is all right. I do not know whether they disregarded this Resolution with the consent of the Home Department. If it was done with the consent of the Home Department, I am sure it must have been obtained confidentially. They say that this Resolution does not apply to Departments which have been created on account of war emergency. I think this state of affairs is due to the fact that all the five Chairmen of Selection Committees belong to one particular sect.

Now, I come to another very important post in the Supply Department which has already been referred to in detail by my Honourable friend, Syed Ghulam Bhik Nairang. I do not want to go into details and repeat the whole thing. First of all I will draw attention to the few important posts which I consider to be the key posts. Before I take up this question I will just like to say that out of 18 crores which is spent by this Department annually the percentage which Mussalmans derive is 18. That also I will discuss when we come to the details.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Friday, the 12th March, 1943.