

12th November 1941

THE
LEGISLATIVE ASSEMBLY DEBATES

Official Report

Volume IV, 1941

(27th October to 18th November, 1941)

FOURTEENTH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY,
1941



NEW DELHI : PRINTED BY THE MANAGER,
GOVERNMENT OF INDIA PRESS: 1942

LEGISLATIVE ASSEMBLY

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MR. N. M. JOSHI, M.L.A.

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CORRIGENDUM.

In the Legislative Assembly Debates, Budget Session, 1936, Volume I, dated the 10th February, 1936, page 471, for the subject heading "DEMAND OF SECURITY FROM THE ABHYUDAYA OF ALLAHABAD." substitute the following independent heading, namely:—

"MOTION TO DISCUSS A QUESTION OF PRIVILEGE, NAMELY, HOW FAR PRESS PUBLICATION OF A MEMBER'S SPEECH IN THE ASSEMBLY IS PRIVILEGED."

LEGISLATIVE ASSEMBLY.

Wednesday, 12th November, 1941.

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.

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

PUBLICATION OF THE ANNUAL ADMINISTRATION REPORT OF THE MUNICIPAL SIDE OF CANTONMENTS.

141. ***Qazi Muhammad Ahmad Kazmi:** With reference to the answer to my question No. 459 given, on the 22nd March, 1941, stating that the Budget Estimates of Cantonments are open to the public, will the Defence Secretary please state whether Government have considered the advisability of making the Annual Administration Report of the Municipal side of the Cantonments, available to the Cantonment public by any of the following methods:

- (a) publishing the Report themselves;
- (b) sending copies of the Report for publication to local newspapers; and
- (c) supplying copies to the members of the Cantonment public on payment of necessary copying charges?

If not, why not?

Sir Gurunath Bewoor: No. Government do not consider it necessary to publish or issue general orders for the publication of the reports. They are not confidential documents and meetings of Cantonment Boards in which they are discussed and passed are open to public. There is no objection to Boards taking steps to make the reports known to the public if they so desire.

Qazi Muhammad Ahmad Kazmi: As regards the alternative contained in part (c) of my question, may I know whether Government would be prepared to make the reports available to the public on payment of necessary charges?

Sir Gurunath Bewoor: Sir, that is a matter for the Cantonment Boards themselves to decide. As I have said, there is no objection to Boards taking steps to make the reports known to the public if they so desire.

Qazi Muhammad Ahmad Kazmi: What I say is that if there is no objection of the Government of India and if it is a fact that it is a document which is available to the public, then there should be no objection

to supply copies on payment of necessary copying charges. If they are open to the public, the public may be allowed to inspect them.

Sir Gurunath Bewoor: Sir, that is a matter for the Cantonment Boards to decide.

Qazi Muhammad Ahmad Kazmi: Sir, the whole question has arisen out of a refusal on the part of Cantonment Boards to supply copies to the public. When it is a document open to the public, have Government on principle not considered the advisability of making the copies available even on payment of necessary charges?

Sir Gurunath Bewoor: Sir, I have nothing to add to my reply. It is a matter for the Cantonment Boards themselves to decide.

Qazi Muhammad Ahmad Kazmi: And if the Cantonment Boards decide not to make the documents public, what steps Government propose to take in the matter?

Sir Gurunath Bewoor: Sir, that is a hypothetical question.

REFUSAL OF THE CANTONMENT BOARD, ALLAHABAD, TO GIVE WATER CONNECTIONS TO HOUSES IN THE CANTONMENT AREA.

142. *Qazi Muhammad Ahmad Kazmi: (a) With reference to the answer to my question No. 460, answered on the 22nd March, 1941, stating that the Cantonment Board, Allahabad are considering taking a bulk supply of water 'under section' 234-A of the Cantonments Act, will the Defence Secretary please state since when the Cantonment Board are considering the question?

(b) Have they come to any conclusion? If not, when are they likely to arrive at it?

(c) Have Government considered the advisability of making some temporary arrangements for giving of water connections in the Bazar areas pending such consideration? If not, why not?

(d) Is it or is it not a fact that in connection with the water supply the Executive Office Cantonment Board, Allahabad, published a notice on 29th July, 1940, intimating that no applications will be entertained for installation of further water pipe connections for domestic purposes and this notice has not yet been withdrawn and is causing great inconvenience to the Cantonment public?

Sir Gurunath Bewoor: (a) and (b). The matter has been under discussion between the Cantonment Board and the Local Military Authorities since 1939 and on a recent reference under sub-section (2) of section 234A. of the Cantonments Act the rate to be charged for the supply has been determined by the Central Government. All that now remains is the execution of the agreement which the Board has been asked to expedite.

(c) and (d). A notice was issued and is still in force that no further connections in bazaar areas could be given from the Military Engineer Services supply pending the taking of a bulk supply by the Board and although about a dozen persons who wished to have private connections

may have been inconvenienced there has been no complaint from the public as to the general inadequacy of the supply since there is in this area an adequate number of public stands and private connections. Government do not consider it necessary, therefore, to make any temporary arrangements to give private connections pending the execution of the agreement, which should not now be long delayed.

Qazi Muhammad Ahmad Kazmi: How long do Government consider it will take for the discussions to come to an end?

Sir Gurunath Bewoor: I do not think it should be delayed now. As I have mentioned, the charge has been fixed and it is merely the execution of the agreement between the Board and the Military Engineer Service.

Qazi Muhammad Ahmad Kazmi: Any idea as to time?

Sir Gurunath Bewoor: No, Sir.

TRANSFER OF CERTAIN AREAS UNDER THE CONTROL OF THE CANTONMENT BOARD TO THAT OF THE MUNICIPAL BOARD, ALLAHABAD.

143. *Qazi Muhammad Ahmad Kazmi: (a) With reference to the answer given to the supplementary question to question No. 461 given on the 22nd March, 1941, stating that the transfer of Cantonment areas not required by military authorities to the Municipality of Allahabad was under the consideration of the Government and was likely to be finished within the next few months, will the Defence Secretary please state at what stage the case is at present?

(b) In case the matter is not likely to be concluded in the near future, have Government considered the advisability of making some arrangement with the Municipal Board of Allahabad for the supply of water and removing a very serious trouble of the civil population?

Sir Gurunath Bewoor: (a) As a matter of policy, Government have recently decided to drop for the period of the war the general question of the excision of areas from cantonments. They have, however, agreed to consider the excision of the Lascar Lines (Bairahna Bazar) in the Allahabad Cantonment and are awaiting further proposals from the local military authorities.

(b) The attention of the Honourable Member is invited to the reply just given by me to parts (c) and (d) of his starred question No. 142.

REMOVAL OF DISCRIMINATION AS REGARDS SALARY, ETC., OF THE BRITISH AND INDIAN ARMY OFFICERS AND SOLDIERS.

144. *Sardar Sant Singh: (a) Will the Defence Secretary please state if it is a fact that the British Prime Minister, the Secretary of State for India, His Excellency the Viceroy and His Excellency the Commander-in-Chief of India, have given public expression to the high appreciation of the fighting qualities and military efficiency of the Indian troops in this War?

(b) Is it a fact that Colonel Jones, Commander of the Indian Unit in Syria, has declared Indian soldiers as superior to Germans in bravery and initiative?

(c) If so, do Government propose to immediately abolish the racial discrimination that is at present observed in the matters of salary and other allowances and in pensions paid to Indians and Britishers, both soldiers and officers?

(d) Is it a fact that Indian officers observe the same standard of life as the British officers?

(e) Is it a fact that the salary of the Australian officers has recently been increased?

(f) Will Government please state in a comparative tabular form the following information :

- (i) salaries of the British soldiers and their allowances;
- (ii) salaries of the Indian soldiers and their allowances;
- (iii) salaries of the Australian, African and Canadian soldiers and their allowances;
- (iv) salaries of the British officers and their allowances;
- (v) salaries of the Indian officers and their allowances; and
- (vi) salaries of the Australian, African and Canadian officers and their allowances?

Sir Gurunath Bewoor: (a) Yes.

(b) Yes.

(c) Government do not admit that any such racial discrimination exists.

(d) Some do and some do not.

(e) Government have no information.

(f) As regards parts (iii) and (vi), Government have no information. Regarding parts (iv) and (v), I would invite the attention of the Honourable Member to the reply given on the 13th February, 1941, in this House to starred question No. 58. As regards parts (i) and (ii), the rates of pay and allowances for British and Indian soldiers are contained in Pay and Allowance Regulations for the Army in India, copies of which are in the Library of the House.

Sardar Sant Singh: May I ask the Honourable Member with regard to part (c) of my question as to whether there is a difference in salary and emoluments of the British rank and file and the Indian rank and file?

Sir Gurunath Bewoor: There is a difference.

Sardar Sant Singh: What is this difference based upon, if not on racial discrimination?

Sir Gurunath Bewoor: It is based on domicile.

Sardar Sant Singh: What is that difference? Will you please explain what is racial difference and difference in domicile.

Sir Gurunath Bewoor: Sir, I do not think it is the same thing at all. One is racial and the other is domicile. It is quite possible for an Indian to have an English domicile.

Sardar Sant Singh: Is there any person in the army of Indian origin who has British domicile?

Sir Gurunath Bewoor: I shall require notice in order to look into the records. In the Indian Civil Service there are Indians who have non-Asiatic domicile.

Sardar Sant Singh: When in reply to part (d) of my question the Honourable Member says that in some cases Indian officers observe the same standard of life as the British Officers, do the Government propose to increase their salaries and emoluments to the same level as that of the British officers?

Sir Gurunath Bewoor: Salaries are not fixed on the basis of the standard of life a man may choose to live.

Sardar Sant Singh: What is the basis observed by the Government of India for fixing a higher salary for British officers?

Sir Gurunath Bewoor: That is a question of domicile.

Sardar Sant Singh: Is it because they are British officers they should be paid more? I want to understand the position of the Government.

Sir Gurunath Bewoor: The Honourable Member is again raising a question which has previously, on so many occasions, been debated at great length in this House.

Sardar Sant Singh: Since the last question was asked by me in this connection, may I know if there is any proposal before the Government of India to consider the advisability and desirability of raising the salary and emoluments of the Indian rank and file to the same level as that of the British rank and file?

Sir Gurunath Bewoor: I have nothing further to say in reply to the question beyond what I have said already.

Lieut.-Colonel M. A. Rahman: Is there any difference between the expatriation allowances given to the Indians overseas and the Indian Army allowances given to British officers in India?

Sir Gurunath Bewoor: Sir, I think there is a difference, but I shall require notice in order to ascertain the extent of the difference.

EMERGENCY COMMISSIONS TO INDIANS, ANGLO-INDIANS AND EUROPEANS.

145. *Sardar Sant Singh: Will the Defence Secretary please state the number of emergency commissions given to (a) Indians, (b) Anglo-Indians and (c) Europeans, in India since the outbreak of the present war, their respective salaries and the allowances they are paid?

Sir Gurunath Bewoor: As regards the first part of the question I regret that it is not in the public interest to give exact figures, but the percentages are approximately as follows:

- (a) Indians 23½ per cent.
- (b) Anglo-Indians 1½ per cent. and
- (c) Europeans 75 per cent.

As regards the second part, I would refer the Honourable Member to Army Instructions (India), Nos. 12 and 13 of 1940, copies of which are in the Library of the House.

Sardar Sant Singh: May I know if there is a difference in salaries between Indians and Anglo-Indians who have been given emergency Commissions?

Sir Gurunath Bewoor: No, Sir.

Sardar Sant Singh: Is it a fact that all Anglo-Indians who applied for emergency Commissions were taken in while a percentage of Indians were rejected when they appeared before the Selection Board?

Sir Gurunath Bewoor: That hardly arises out of the question, but it is certainly not the case, I am sure, that every Anglo-Indian was taken. There must have been some who were rejected.

Sardar Sant Singh: Will the Honourable Member make inquiries? My information is that every Anglo-Indian who applied was taken.

Sir Gurunath Bewoor: It may be perfectly true, but it does not prove anything. They may have been all suitable candidates.

Mr. Lalchand Navalrai: Why is there so much difference between the percentage of Indians and Europeans?

Sir Gurunath Bewoor: Because we have not got sufficient number of suitable Indians coming forward.

Qazi Muhammad Ahmad Kazmi: Is there any particular percentage which is kept in view by the Selection Board when taking Anglo-Indians and when taking others?

Sir Gurunath Bewoor: No, Sir.

Sardar Sant Singh: May I know whether any Anglo-Indian or European who applied for emergency Commission was not selected by the Board?

Sir Gurunath Bewoor: I shall want notice; I shall have to examine the records of the interview board for a number of years, to discover the correct answer to the Honourable Member's question.

Sardar Sant Singh: Will the Honourable Member make inquiries?

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

WOMEN EMPLOYED IN THE ARMY DEPARTMENT SINCE THE OUTBREAK OF THE WAR.

146. *Sardar Sant Singh: (a) Will the Defence Secretary please state the number of women taken in employment in the Army Department since the outbreak of War?

(b) How many of them are (i) Europeans, (ii) Anglo-Indians and (iii) Indians?

(c) What is the minimum and maximum salary paid to them, and what allowances each is entitled to?

Sir Gurunath Bewoor: I presume that the Honourable Member is referring to women clerks employed in Defence Headquarters. On this assumption the information is as follows:

(a) 273 (including nine employed on part-time duties).

(b) Europeans 211; Anglo-Indians 63; Indians 4.

(c) The pay of whole-time women clerks ranges between the minimum of Rs. 80 and the maximum of Rs. 300 p.m. The allowances admissible, subject to the prescribed conditions, are:

Delhi moving allowance or Simla winter allowance.

Delhi compensatory house rent allowance.

Shorthand allowance to lady clerks employed on shorthand duties in addition to their clerical duties.

Night duty allowance in the case of those detailed for duty at night.

Simla compensatory allowance, and house rent allowances both at Simla and Delhi.

Qazi Muhammad Ahmad Kazmi: Are there any Indian women, who have been engaged, getting this maximum?

Sir Gurunath Bewoor: I shall have to inquire.

Sardar Sant Singh: May I know if the Honourable Member can give the reason why the number of European and Anglo-Indian women is so much larger than Indian women?

Sir Gurunath Bewoor: That is because Indian women are not coming forward to take up jobs.

Sardar Sant Singh: Did the department ever advertise for these jobs and they did not get any applications or is his information based on assumptions?

Sir Gurunath Bewoor: We are always receiving numerous applications for clerical posts and as there are sufficient number of applications we just take whoever is suitable: there is no need to advertise.

Mr. Lalchand Navalrai: Are there any women in categories other than clerks?

Sir Gurunath Bewoor: Clerical and supervisory duties.

Sardar Sant Singh: May I know if the maximum pay of Rs. 300 is being given to any Indian women clerk employed in the department?

Sir Gurunath Bewoor: I have said that I shall want notice of this question. I have not got the information.

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

STEPS FOR IMPROVING THE WAR EFFORT PROPAGANDA SERVICES.

147. ***Sir F. E. James:** Will the Honourable Member representing Information and Broadcasting Department be pleased to state what steps have been taken to improve the various services (broadcasting, film, information, etc.) since the debate on the importance of propaganda in India's war effort initiated by the European Group on the 7th March, 1941?

The Honourable Sir Reginald Maxwell: It is impossible to answer this question fully within the usual compass of an oral reply. Many improvements have been made since March last in Government's publicity organisation and methods, some of which are:

- (1) the formation of the Department of Information and Broadcasting;
- (2) better broadcasts for Indian troops abroad;
- (3) an enlarged supply of photographs and photogravures for the Press and for public exhibition;
- (4) a large increase in the number and quality of short films about the war and about India's war effort, and improved distribution;
- (5) intensification of publicity work in Provinces; and
- (6) the provision of adequate funds.

A fuller statement is laid on the table.

War publicity services have been improved all round since March, 1941. An important change has been the gathering together in one Department of all the various organisations of the Government of India which handle publicity in one way or another. This should make for closer Co-ordination and easier planning of publicity.

All India Radio in spite of the limited technical resources at their disposal, inaugurated (i) a weekly service in Malayalam from Madras, (ii) an additional midday bulletin in Iranian Persian from Delhi, (iii) a half-hour daily service for Indian troops in the Far East and (iv) a daily news-bulletin in Arabic. A French Service was also started by All India Radio. News of topical interest were broadcast very promptly. Special talks emphasising the nearness of war to India were arranged. Increased attention was paid to the presentation of news. A daily news commentary has been added to the main Hindustani news-bulletin of the day. The construction of Broadcasting House, the installation of the 100 K.W. transmitter required for external

broadcasts, the 10 K.W. transmitter at Peshawar and the $\frac{1}{4}$ K.W. transmitter at Karachi has been speeded up. The supply of photographs, which have lately averaged 550 per month and of photogravures has become a regular function of the Bureau of Public Information. There is a special Directorate for counterpropaganda. Their function is to watch foreign broadcasts directed towards India and to take effective measures to counter hostile propaganda not only by direct exposures of enemy falsehoods through the appropriate media of public information, but also by ensuring over the whole country a flow of accurate information on matters of the war into which the enemy deliberately seeks to cast confusion. Since June, 1940, 82 pamphlets have been issued. 17 films have so far been produced by the Film Advisory Board and most of them have Hindi, Bengali, Tamil and Telugu versions in addition to the English version. Documentaries are also obtained from England, and many of them have been 'dubbed' in Indian languages. The circulation of films has been speeded up and every F. A. B. reel now completes the circuit of India in three months. An auxiliary of the Film Advisory Board has been set up in Calcutta to look after distribution in Eastern India. News reels in Hindi, Bengali, Tamil and Telugu are now shown in nearly 500 cinemas. Moreover in view of the importance of publicity in the villages and the singular suitability of visual media for it, a very promising scheme of portable cinema projectors has been taken in hand by the Provincial Governments with the assistance of the Government of India, financial and other. Under this scheme it is hoped that eventually a chain of 300 projectors will serve the villages throughout India, excluding those provinces which have already a service of touring film projectors. A scheme has been drawn up by which approved schemes of publicity launched in the Provinces will receive financial assistance from the Centre and funds have been allotted to the Department of Information and Broadcasting for the general development of oral and visual publicity through both Central and Provincial organisations. An officer has been specifically entrusted with the task of maintaining effective liaison between the Centre and the provinces and of acting as the channel for the interchange of ideas between the different provinces. His is also the special function of co-ordinating the organisation of oral and visual publicity in Provinces. A non-official committee to keep the Government in touch with public opinion and to advise us in formulating our plans will be set up shortly.

These then are some of the main ways in which things have been improved. It is not possible to indicate within the compass of an answer to a question, the subtler but none the less important ways in which the content and confines of publicity have been improved. So what I have tried to give is only the barest idea of the picture.

A great deal of India's War Publicity is carried on by Provincial Governments and Provincial War Committees. In most Provinces, there has been a considerable intensification of propaganda through meetings, study circles, loud-speakers,, propaganda vans and cinema vans.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member inform this House whether his department is giving sufficient attention to the film part of this publicity work particularly in connection with the war?

The Honourable Sir Reginald Maxwell: Yes, I understand that a great deal of attention is being given to that.

Lieut.-Colonel Sir Henry Gidney: In view of what the Honourable Member has just said, can he, at any convenient time, inform the House what is this "deal of attention"? Or is it merely confined to the engagement of a lady photographer and one or two Britishers?

The Honourable Sir Reginald Maxwell: The Honourable Member will find fuller information in the statement which I have laid on the table.

Mr. E. L. O. Gwilt: May I ask what liaison exists between the centre and the provinces to ensure that propaganda effort is directed in the same direction?

The Honourable Sir Reginald Maxwell: There is constant liaison between us and provincial publicity officers: they come here for conferences; and otherwise there is constant correspondence and consultation between them and the centre.

Mr. E. L. C. Gwilt: May I ask how many conferences have taken place since the debate in this House?

The Honourable Sir Reginald Maxwell: I shall require notice of that.

Sir Cowasji Jehangir: May I ask who is in charge of the Department?

The Honourable Sir Reginald Maxwell: The Honourable Sir Akbar Hydari.

MINIMUM AND MAXIMUM PERCENTAGES FOR REPRESENTATION OF THE MINORITY COMMUNITIES IN SERVICES.

148. *Sardar Sant Singh: (a) With reference to Home Department orders regarding communal representation in services, will the Honourable the Home Member please state whether the percentages fixed for minority communities are minimum or maximum? If they are minimum, what is the maximum percentage of posts allowed for these communities? What is the percentage for each minority community?

(b) Will the Honourable Member please state if any minimum percentage has been fixed for Sikhs and Hindus, below which their numbers may not fall? If so, what is that percentage? If no minimum has been fixed, what are the reasons for not doing so?

(c) Is it a fact that the percentage fixed for Muslims is filled, whereas the case of the Sikh community is neglected?

The Honourable Sir Reginald Maxwell: (a) The percentages of reservation represent the minimum share of the minority communities, in recruitment, provided candidates possessing the minimum standard of qualifications are available. It is, however, open to members of these communities to obtain, on merit, more than the percentages of vacancies reserved for them. The percentages reserved are 25 for Muslims and 8½ for the other minorities, namely, Domiciled Europeans and Anglo-Indians, Sikhs, Indian Christians, and Parsis. Separate percentages of reservation have not been laid down for each of these "other minority communities".

(b) As indicated above no separate percentage of reservation has been laid down for the Sikh community, and no vacancies are reserved for Hindus. The reason for the absence of reservation for the Hindus is that, judging by the composition of the services, no such reservation is necessary.

(c) No.

Sardar Sant Singh: May I know if this reservation as to minimum percentage of each community applies to civil departments or to the Defence Department as well?

The Honourable Sir Reginald Maxwell: It does not apply to the Defence Department.

Sardar Sant Singh: May I know, why?

The Honourable Sir Reginald Maxwell: It does not apply to the defence services.

Sardar Sant Singh: May I know if in recruiting the clerical establishment of the Defence Department after the declaration of the war, any direction was issued regarding this percentage and proportion in the services?

The Honourable Sir Reginald Maxwell: I should like notice of that.

Mr. N. M. Joshi: May I ask whether any proportion is reserved for the depressed classes?

The Honourable Sir Reginald Maxwell: Separate provision is to be made for them if the candidates are available: they do not come within the 8½ per cent.

Mr. N. M. Joshi: May I know, Sir, whether the depressed classes are in such an insignificant minority in this country?

The Honourable Sir Reginald Maxwell: They have every opportunity of getting candidates accepted if they came forward, but the difficulty has always been to get a sufficient number of qualified candidates from the depressed classes.

Lieut.-Colonel Sir Henry Gidney: Will the Government of India please tell the House what, in their opinion, is the definition of a 'domiciled European' and are they recruited in the services as such, or as statutory natives of India?

The Honourable Sir Reginald Maxwell: I think that goes far beyond the scope of this question.

Lieut.-Colonel Sir Henry Gidney: The Honourable Member in his list of the various communities in the services mentioned some justification, and I just asked him to throw more light. Most probably I will write a letter to him about this.

The Honourable Sir Reginald Maxwell: It is a generally accepted term. If the Honourable Member wants to go into details, I should like notice, so that I may give him a considered reply.

Sardar Sant Singh: One supplementary question, Sir.

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

Sardar Sant Singh: Only one supplementary, Sir. It is very important.

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

PRACTICE IN THE MATTER OF OBSERVING THE PERCENTAGE FOR REPRESENTATION OF MINORITY COMMUNITIES IN GOVERNMENT OF INDIA SERVICES.

149. *Sardar Sant Singh: (a) With reference to the Home Department orders regarding the representation of minority communities in Government of India services, will the Honourable the Home Member please state whether the percentages fixed are to be observed in regard to each grade in each office separately, or to the total number of persons in one office as a whole?

(b) Will the Honourable Member please state what is the practice in this regard in each of the Government of India offices at New Delhi and Simla, Departments as well as Attached and Subordinate Offices?

The Honourable Sir Reginald Maxwell: (a) The reservations are to be applied to vacancies in each grade or division in a Department or Office separately, but where this is not practicable posts in grades with the same or approximately the same pay and prospects may be grouped together for this purpose.

(b) In the Government of India Departments and Attached Offices the reservations are applied separately to each grade or division. Information in regard to the Subordinate Offices is being collected and will be laid on the table of the House in due course.

Sardar Sant Singh: May I know, Sir, if the Circular of July 1934 applies only to the civil part of the Government of India services or it contains any exception that it would not apply to the Defence Department of the Government of India?

The Honourable Sir Reginald Maxwell: The Resolution does not apply to the Defence Services, and that is apparent on the face of the Resolution.

Mr. President (The Honourable Sir Abdur Rahim): The other questions of Sardar Sant Singh,—he has got a number of them,—will be laid on the table as the quota has been exhausted.

TECHNICAL POSTS IN THE GOVERNMENT OF INDIA SECRETARIAT AND ATTACHED AND SUBORDINATE OFFICES NOT SUBJECT TO THE ORDERS REGARDING COMMUNAL RESERVATIONS.

†150. *Sardar Sant Singh: Will the Honourable the Home Member please state whether there are any technical posts in the Government of India Secretariat and Attached and Subordinate Offices, to which the Home Department orders regarding communal reservations do not apply? If so, which are those posts?

The Honourable Sir Reginald Maxwell: I place on the table of the House a copy of the Home Department Office Memorandum No. 14/9/37-Ests. (S), dated the 5th October, 1940, about the services and posts requiring special or high technical qualifications which have been excluded from the scope of the orders regarding communal representation in the services.

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

No. 14/9/37-Ests. (S.).

GOVERNMENT OF INDIA.

HOME DEPARTMENT.

New Delhi, the 5th October, 1940.

OFFICE MEMORANDUM.

SUBJECT:—*Exemption of services and posts from the scope of the orders regarding communal representation.*

With reference to the Home Department Office Memorandum/endorsement* No. 14/9/37-Ests. (S.), dated the 28th May/27th June† 1940, and the reply of the Commerce/etc. Department thereto, the undersigned is directed to forward a list of services and posts to which the orders regarding communal representation promulgated in the Home Department Resolution No. F. 14/17-B./33, dated the 4th July, 1934, do not apply. The list has been amended in certain respects to accord with the present position, and has been corrected up to the 1st October 1940. In order, however, to ensure, as far as possible, the maintenance of communal proportions in direct recruitment preference should be given in making appointments to the services and posts in the list to candidates belonging to minority communities when the qualifications of the best candidates are approximately equal. (The Home Department agree with the Department of Education, Health and Lands that, for appointment to the services and posts numbered 1, 17 and 19 in the list of services and posts directly under the Education, Health and Lands Department, such preference should be given only when the qualifications are equal).

(Sd.) N. BANERJEE,

for Deputy Secretary to the Govt. of India.

To

The Commerce, Communications, Defence, Education, Health and Lands, Finance, Labour and Legislative Departments.

No. 14/9/37-Ests. (S.).

Copy forwarded to Departments of the Government of India (other than Commerce, Communications, Defence, Education, Health and Lands, Finance, Labour, and Legislative Departments), Political Department, Secretary to the Governor General (Public), Secretary to the Governor General (Reforms), the Director, Intelligence Bureau, the Federal Public Service Commission, and the Principal Information Officer, for information.

By order,

(Sd.) N. BANERJEE,

Assistant Secretary to the Government of India.

List of Services and Posts excluded from the scope of the orders contained in the Home Department Resolution No. F. 14/17-B/33, dated the 4th July 1934, regarding communal representation in the Services.

(Corrected up to the 1st October 1940.)

DEPARTMENT OF COMMERCE.

Class I.

1. Indian Mercantile Marine Training Ship Service.
2. Economic Adviser to the Government of India.
3. Superintendent of Insurance.
4. Secretary, Indian Accountancy Board.
5. President and Members, Tariff Board.

* To Legislative Department only.

† To Defence Department only.

() To Education, Health & Lands.

6. Ship Surveyors, Mercantile Marine Department, Bombay and Calcutta.
7. Headmaster, I.M.M.T.S "Dufferin", Bombay.
8. Shipping Masters, Bombay and Calcutta.
9. Engineer-in-Chief, and Engineer, Lighthouse Department.
10. Class I posts in the Patent Office.
- *11. Indian Trade Commissioners.
- *12. Assistant Superintendents of Insurance.
- *13. High Commissioner for India.
14. Deputy Registrar of Trade Marks, Bombay.
15. Assistant Registrars of Trade Marks, Bombay and Calcutta.

Class II.

16. Deputy Shipping Masters, Bombay and Calcutta.
17. Assistant Shipping Master, Calcutta.
18. Chief Engineers of the Pilot Vessels, belonging to the Bengal Pilot Service.
19. Commercial Accountant, Lighthouse Department.
20. Engineer Supervisor, Lighthouse Workshops, Madras.
21. Class II posts in the Patent Office

Subordinate Services.

22. Draughtsman, Engineer-in-Chief's Office, Lighthouse Department.
23. Accountant for the Leadsmen's Quarters at Calcutta.

DEPARTMENT OF COMMUNICATIONS.

Central Service, Class I.

1. Indian Meteorological Service.
2. Director of Civil Aviation in India; Deputy Director of Civil Aviation in India; Chief Inspector of Aircraft; Chief Aerodrome Officer; Aircraft Inspectors; Technical Officers.

Central Service, Class II.

3. Assistant Aircraft Inspectors, Aerodrome Officers; Assistant Aerodrome Officers; Examiners; Electrical and Mechanical Superintendent.

Un-classified.

4. Controller of Broadcasting; Deputy Controller of Broadcasting; Chief Engineer, All India Radio; Editor, Indian Listener, Research Engineer; News Editor, All Indian Radio; Station Directors; Station Engineers; Assistant Station Directors; Director of Programmes; Assistant Chief Engineer; Public Relations Officer; Director of Programme Planning.
5. Consulting Engineer to the Government of India (Roads); Assistant to the Consulting Engineer to the Government of India (Roads).

DEFENCE DEPARTMENT.

1. Indian Ecclesiastical Establishment.
2. Caretaker, Army and Air Headquarters.
3. Chief Maulvi, Board of Examiners.
4. Translators, M. T. (L) and Fauji Akhbar Sections.
5. Army Training and Educational Establishments.
6. Army Language Teachers.
7. Recruiters of the Technical Recruiting Branch of the Recruiting Organization.
8. Civilian clerks of the Indian Territorial Force.
9. Civil clerks of the Auxiliary Force, India.

10. Civilian clerks of the Indian Signal Training Corps, Signal Training Centre, Jubbulpore.
11. Religious Teachers for the units of the Army in India.
12. Daroghas.
13. Assistant Farm Overseers, Veterinary Assistant Surgeons, Zilladars and locally recruited staff of the Army Remount Department.
14. Principal Test Assistant.
15. Assistant Works Manager, Ordnance and Clothing Factories.
16. Technical Staff of the Indian Army Ordnance Corps.
17. Permanent Indian Artificers, I.A.O.C. of the following categories :
 - (i) Supervisors; (ii) Draughtsmen; (iii) Fitters; (iv) Blacksmiths; (v) Wheelers; (vi) Instrument Mechanics; (vii) Electricians.
18. Overseers and sub-overseers, Controlled Flour Mills, Lyallpur.
19. Surveyors Assistants, Military Engineer Services.

DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

POSTS IN AND UNDER THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

Central Service, Class I.

1. Vice-Chairman, Imperial Council of Agricultural Research; Agricultural Commissioner with the Government of India; Animal Husbandry Commissioner with the Government of India; Assistant Agricultural Commissioner with the Government of India; Assistant Animal Husbandry Commissioner with the Government of India; and Secretary, Imperial Council of Agricultural Research.
2. Agricultural Marketing Adviser to the Government of India.
3. Director, Professors and Assistant Professors at the Imperial Institute of Sugar Technology.
4. Physical Chemist and Biochemist, Imperial Institute of Sugar Technology.

SERVICES AND POSTS DIRECTLY UNDER THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

Central Service, Class I.

1. Medical Research Department.
2. Zoological Survey of India.
3. Superintendent of Education, Delhi, Ajmer-Merwara and Central India.
4. Principal, Government College, Ajmer.
5. Keeper of the Records of the Government of India.
6. Librarian, Imperial Library, Calcutta.
7. Educational Commissioner with the Government of India.
8. Agent General for India in the Union of South Africa.
9. Secretary to the Agent General for India in the Union of South Africa.
10. Agents of the Government of India in Burma, Ceylon and British Malaya.
11. Government Epigraphist for India, Superintendent for Epigraphy and Assistant Superintendent for Epigraphy, Archæological Department.
12. Technical Assistant to the Educational Commissioner with the Government of India.

All posts in Central Service, Class I and Central Service Class II in the following :—

13. Imperial Agricultural Research Institute and substations.
14. The Imperial Dairy Department.
15. Imperial Veterinary Research Institute and its Sub-stations.
16. Botanical Survey of India.

Central Service, Class II.

17. Pharmacologist, Senior Experimental Assistant, Pharmaceutical Chemist and Biochemist, Biochemical Standardisation Laboratory, Calcutta.
18. Assistant to the Agent of the Government of India in Ceylon.
19. Assistants to the Imperial Serologist.

Central Subordinate Service.

20. Epigraphical Assistant and Clerks, Office of the Government Epigraphist for India and Superintendent for Epigraphy.
21. Reader, and Custodian in the office of the Superintendent for Epigraphy.
22. Custodians, Agra and Lahore Forts; Custodian, Archæological Area, Delhi Fort and Curator, Indian War Memorial Museum, Delhi.
23. Entomological Assistant; Laboratory Assistants; Technical Assistant; Assistant, Ethnological Section; Artists; Gallery Assistants; Modeller; Taxidermists; and Insect Setters, Zoological Survey of India.
24. Ministerial establishments of the Agent General for India in the Union of South Africa and the Agents of the Government of India in Burma, Ceylon and British Malaya.

FINANCE DEPARTMENT.

POSTS DIRECTLY UNDER THE FINANCE DEPARTMENT.

Central Service, Class I.

1. Master, Deputy Masters and Assistant Master, Security Printing, India.
2. Mint Masters, Bombay and Calcutta.
3. Deputy Mint Master.
4. Chief Assayer, Mint, Bombay.
5. Deputy Controller of Stamps.
6. Assistant Master, Currency Note Press.

Central Service, Class II.

7. Chief Inspector, Control; Engraver and Supervisors (Technical), Security Printing, India.
8. Artist Engraver, Calcutta Mint.
9. Deputy Chief Assayer, Bombay Mint.

Central Subordinate Service.

10. Bullion Establishment at the Mints.
11. Fifty per cent. of the Supervising staff of the Operative Establishments at the Mints (Reserved for Europeans, Domiciled Europeans and Anglo-Indians).*
12. Junior Supervisors (Technical), Assistant Supervisors (Technical), and Estate Custodian, Security Printing, India.

POSTS UNDER THE CENTRAL BOARD OF REVENUE.

Central Service, Class I.

1. Chief Chemist, Central Revenues.
2. Chief Mining Engineer, Salt Range Division, Central Excise & Salt Department, North-Western India, Khewra.
3. Electrical and Mechanical Engineer, Khewra.
4. Electrical and Mechanical Engineer, Sambhar.
5. Accountant Members, Income-tax Appellate Tribunal.

Central Service, Class II.

6. Mine Manager, Khewra.

* In filling vacancies in the remaining 50 per cent. the reservations for Muslims and the other minority communities (excluding Domiciled Europeans and Anglo-Indians) will be 33½ per cent. and 8½ per cent., respectively.

HOME DEPARTMENT.

General Central Service, Class I.

1. Government Examiner of Questioned Documents; Assistant Government Examiner of Questioned Documents.
2. Assistant Director, Intelligence Bureau; Deputy Director and Assistant Directors, Intelligence, Peshawar; Assistant Director, Intelligence, Quetta.
3. Secretary and Assistant Secretary, Federal Public Service Commission.
4. Principal Information Officer, Deputy Principal Information Officer and Information Officers.

General Central Service, Class II.

5. Deputy Central Intelligence Officers; Deputy Superintendent, Intelligence, Peshawar; Deputy Superintendents of Police, Delhi and Coorg.
6. Confidential Assistant, Intelligence Bureau.
7. Assistant Information Officers.
8. Supply Officer and Secretary to the Chief Commissioner, Andaman and Nicobar Islands; Assistant Commissioner, Nicobars, Extra Assistant Conservators of Forests and Exploitation Officers, Andamans Forest Department.

Central Subordinate Services.

9. Photographer, Intelligence Bureau.
10. Tahsildar and Sub-Inspector of Police under the Deputy Director, Intelligence, Peshawar and Assistant Central Intelligence Officers.
11. Senior Special Assistant and Confidential Assistant, Office of the Federal Public Service Commission.
12. Personnel of the Frontier, Intelligence Corps in the offices of the Deputy Director, Intelligence, Peshawar and Senior Assistant Director, Intelligence, Quetta.

DEPARTMENT OF LABOUR.

General Central Service, Class I.

1. Posts in the Indian School of Mines.
2. Consulting Architect in the Central Public Works Department.
3. Chief Inspector of Boilers & Factories, and Electric Inspector, Delhi & Ajmer-Merwara.

General Central Service, Class II.

4. Superintendent, Horticultural Operations; Assistant Superintendent, Horticultural Operations (Central Public Works Department).

General Central Subordinate Service.

5. Storekeeper, Deputy Storekeepers, Assistants and Clerks, Stationery Stores Section of the Central Stationery Office, Calcutta.*

LEGISLATIVE DEPARTMENT.

Central Service, Class I.

1. Posts of Secretary, Additional Secretary and Draftsman, and Deputy Secretary, when held by an officer who does not belong to the Indian Civil Service.
2. Posts of Solicitor to the Government of India, Second Solicitor to the Government of India and Assistant Solicitor to the Government of India.

* These posts will come within the scope of the orders regarding communal representation on expiry of the term of contract of the present store-keeper.

STRENGTH OF THE GENERAL HEADQUARTERS POLICE.

†151. *Sardar Sant Singh: (a) Will the Defence Secretary please state the present strength of the General Headquarters Police? How many of them are Hindus, Muslims and Sikhs?

(b) What was the strength of this Police force on the 1st January, 1941, and what was the communal composition thereof?

(c) What is the total number of men recruited into this force since 1st January, 1941? How many of these newly recruited men are Hindus, Muslims and Sikhs?

(d) If the number of men belonging to any one of the three above mentioned communities be much more, or much less, than the proportion fixed by the Home Department for representation of various communities in various services under the Government of India, will the Honourable Member please state the reasons for this increase or decrease?

Sir Gurunath Bewoor: (a) 102, all Muslims.

(b) 21, all Muslims.

(c) 81, all Muslims.

(d) The orders issued by the Home Department regarding recruitment on a communal basis do not apply to the General Headquarters Police which is a wholly military formation.

SCALES OF PAY IN THE GOVERNMENT OF INDIA DEPARTMENTS AND THEIR ATTACHED AND SUBORDINATE OFFICES SET UP SINCE 1ST APRIL, 1939.

†152. *Sardar Sant Singh: (a) Will the Honourable the Home Member please state the names of the Government of India Departments and their attached and subordinate offices which have been set up since 1st April, 1939?

(b) Are the orders in regard to scales of pay to be given to all the men employed in those departments or offices, similar in all cases, or is there any distinction made in any case?

(c) If any distinction has been made in any one or more cases, will the Honourable Member please state the reasons for such distinction?

(d) Will the Honourable Member please lay on the table of the House a copy of the orders passed in regard to the scales of pay given, or to be given, to the employees of the said departments and offices?

The Honourable Sir Reginald Maxwell: The information is being collected, and will be laid on the table by the Honourable the Finance Member who is mainly concerned with this question.

REFUSAL OF GUN LICENSES TO GOVERNMENT SERVANTS IN DELHI.

†153. *Sardar Sant Singh: Is the Honourable the Home Member aware that during the last two years several Government servants drawing

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

Rs. 100 or more per mensem have been refused licences for guns, etc., whereas hundreds of persons drawing less than Rs. 100, or having an income of Rs. 100 or less, are in possession of guns in Delhi? If so, why, and will Government please explain their policy in regard to this matter?

The Honourable Sir Reginald Maxwell: It is quite possible that licences for guns have been refused to Government servants drawing Rs. 100 or more per mensem while there are persons in Delhi with a smaller income who possess licences. Licences are not given merely in view of the salary or status of the applicant, but also in view of his real need to possess arms.

SCRUTINY AT RENEWALS OF ARMS LICENSES BY THE DELHI ADMINISTRATION.

†154. ***Sardar Sant Singh:** Will the Honourable the Home Member please state if the Delhi Administration is following the rules made by Government for the grant of arms licenses to the public at the time of its renewals? If so, will he please state the names of all the special police officers in Delhi and their position, profession, amount of income-tax or land revenue paid by each annually and the number and kind of arms possessed by each of them in order to show how far the scrutiny was made by the Delhi Administration in their cases? If not, why not?

The Honourable Sir Reginald Maxwell: I have no reason to suppose that the answer to the first part of the question is otherwise than in the affirmative. The information asked for in the second part of the question is being collected and will be laid on the table of the House in due course.

NON-ALLOCATION OF TIME FOR BROADCASTING SIKH RELIGIOUS PROGRAMME BY THE DELHI BROADCASTING STATION.

†155. ***Sardar Sant Singh:** (a) Is the Honourable Member representing the Information and Broadcasting Department aware that the Delhi Broadcasting Station has reserved Thursday and Friday in each week for broadcasting the religious programme of Muhammadan community?

(b) Is he also aware that almost whole of the Friday's programme is that for the Muslim community?

(c) Is he further aware that similarly Tuesday and another day in a week are reserved for broadcasting the religious and other programmes of the Hindu community and fairly good time of the day's programme is allocated for the purpose?

(d) Is he aware that no days are fixed in a week for broadcasting the Sikh programme? If so, on what grounds has the Delhi Broadcasting Station not similarly allocated time in each week for broadcasting Sikh religious programme?

(e) Does he propose to consider the desirability of having at least two days in a week reserved similarly for the purpose? If not, why not?

The Honourable Sir Andrew Clow: (a), (b) and (c). Programmes of interest to Hindus and Muslims are broadcast on Tuesdays and Fridays respectively. Bhajans and Qawwalis, purely as musical items, are broadcast

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

on Thursdays. These programmes, however, constitute only a small fraction of the transmissions for those days which are not by any means reserved for Hindu and Muslim religious items.

(d) Yes. All-India Radio programmes are designed to cater for the tastes and requirements of the generality of listeners. The number of Sikh listeners in the country does not justify a regular weekly broadcast of their religious programmes.

(e) No: for the reasons I have already stated in reply to part (d).

RECOMMENDATIONS MADE BY THE INDIAN MEDICAL ASSOCIATION.

156. ***Mr. Govind V. Deshmukh:** Will the Defence Secretary please state the recommendations made by the Indian Medical Association as passed by its Central Council last July to the Government of India and which of them were accepted and which were rejected, and what were the grounds for rejecting the same?

Sir Guranath Bewoor: I lay a statement on the table.

The following recommendations were embodied in a Resolution adopted by the General Council of the Indian Medical Association on July the 13th, a copy of which was forwarded to the Director General, Indian Medical Service:

- (1) That all officers belonging to the Indian Medical Service and Indian Medical Department working on the civil side, constituting as they are said to be a War Reserve for the Army, should be recalled to the Army immediately and that the vacancies created by such reversion of the officers should be filled up by selection after open advertisement, because there should be no civil side of the Indian Medical Service and the Indian Medical Department hereafter. These appointments should be made on a temporary basis for the duration of the war so as to enable the officers returning from War Service to apply for and compete for these posts on equal terms.
- (2) That during the period of the war no distinction shall be allowed to continue as between the Indian and European members of the Indian Medical Service and Indian Medical Department regarding the pay, allowances, status, eligibility to commands, specialists' appointments, family allowances, leave, promotion, gratuities, disability compensation, etc., whether these officers hold temporary or permanent posts in the Indian Medical Service or in the Army in India Reserve of Officers or hold Emergency Commissions.
- (3) That (a) the policy governing the changes proposed above should be under the direction of a Central Board on which the Indian Medical Association should be adequately represented, so as to facilitate recruitment to the Emergency Commissions.
- (b) The holders of emergency commissions should be given first preference for holding permanent posts in the Indian Medical Service, the selection for such appointments to be made by a Selection Committee on which the Indian Medical Association should be adequately represented.
- (4) That the members of the profession volunteering their services for Emergency Commissions in the Indian Medical Service or for appointments in the Indian Medical Department should start with a rank and seniority in consonance with their experience and standing in the profession, and that all commands should be open to them on the basis of seniority.
- (5) That 10 per cent. of the officers in the Indian Medical Department (Indian Branch) shall be granted Honorary King's Commissions.

No. 3 (a) has been in part adopted by Government, who have formed a Central Advisory Board to review the progress of the recommendations by the recent Indian Medical Service Recruitment Conference. The remaining suggestions are still being actively considered by the Government of India and none have so far been rejected.

+157*.

AUSTRALIANS GIVEN EMERGENCY COMMISSIONS IN THE INDIAN ARMY.

158. ***Mr. Govind V. Deshmukh:** Will the Defence Secretary please state:

- (a) whether any Australians have been given emergency commissions in the Indian Army;
- (b) whether the Australians who have been, as cadets, given emergency commission in the Indian Army, had applied for the same and were interviewed by any selection committee; if so, when and where;
- (c) whether the Government of India or the Australian Government paid, or pays, for their training;
- (d) the place in India where they received their training;
- (e) the regiment to which they are attached; and
- (f) whether British Officers are recruited from any of the British Colonies for being posted as Officers of Indian Army; if so, how many?

Sir Gurnath Bewoor: (a) Yes.

(b) Yes. They were interviewed by an Indian Army Officer of the rank of Brigadier in August 1941 in Malaya.

(c) The Government of India did not pay for their training as they received no training in India.

(d) Does not arise.

(e) They have been posted to various regiments of the Indian Army.

(f) Yes. The number of officers so recruited is 46 so far.

Mr. Huseinbhai Abdullabhai Laljee: Did the Government of India ask for their services?

Sir Gurnath Bewoor: No, Sir. These young Australians applied for commissions in the Indian Army, and as they were considered suitable in all respects, and as we were very greatly in need of candidates—we continue to be in very great need of candidates,—for the officer ranks of the army, they were taken. And, may I say, Sir, with your permission that we have in this war the whole of the British Commonwealth fighting a common enemy. We have Australian soldiers, Newzealanders, every one from the Colonies of the British Empire fighting shoulder to shoulder, sepoys, officers and soldiers together, and as the demands of the Indian Army are very great, we welcome any good material from any part of the British Empire, and in doing so, we are not depriving a single Indian of a possible post in the officers rank, because our demands are much beyond the supplies now available.

+ This question was withdrawn by the questioner.

Sardar Sant Singh: May I know, Sir, if any Indian Officer trained in Dehra Dūn with qualifications to be an officer in the army has been employed in the British Army in England at their expense?

Sir Gurunath Bewoor: I don't see how that question arises. I have been asked whether Australians have been taken in the Indian Army, and I have given reasons for it. The British Army is not in need of Indian Officers but the Honourable Member is aware that we have Indian Officers, Indian Pilots of the Indian Air Force, seconded to the Royal Air Force, and they are doing very well indeed.

Mr. N. M. Joshi: May I know, Sir, whether any Indian officers have been appointed in the Australian Army?

Sir Gurunath Bewoor: No, Sir, the question has not arisen at all.

Mr. Govind V. Deshmukh: May I know, Sir, which are the regiments in India to which these Australian officers have been attached?

Sir Gurunath Bewoor: Actually I have the names, but I do not think it is in the public interest to give them.

Qazi Muhammad Ahmad Kazmi: May I know, Sir, whether any of these Australians applied for posts in the Indian army before, if not, how is it that they came to know that they could get appointments in the Indian Army?

Sir Gurunath Bewoor: We have had Australians in the Indian Army even before. They used to come through Sandhurst in the old days in the usual way. At this time the whole Empire is aware of the need of man power in different parts of the Empire, and as these young Australians were in every way suitable, they offered their services and we accepted them.

Mr. N. M. Joshi: May I know whether, since there is a great dearth of officers in India, the Government of India propose to send an application to Hitler for training some of our men as officers?

Sir Gurunath Bewoor: I am surprised that the Honourable Member should ask a question like this. If the Germans are prepared to come here and fight against Hitler, we shall consider that question, and we shall be glad if they will bring with them some equipment also.

Lieut.-Colonel Sir Henry Gidney: I have no desire to request the Honourable Member to ask Hitler to train our men, but may I know whether these Australian officers received any training before they were appointed, and if so, where?

Sir Gurunath Bewoor: These young officers whom we have taken have been properly trained in an Officers' Training School.

Lieut.-Colonel Sir Henry Gidney: I hope it is not at India's expense.

Sir Gurunath Bewoor: I have said it is not.

Lieut.-Colonel Sir Henry Gidney: Whilst I agree entirely with the sentiments that have been expressed by the Honourable Member regarding the loyalty of the people of the Commonwealth and the Colonies, will the Honourable Member give this House a categorical statement to show that this Government did not ask the Australian Government or the Governments of the various Colonies or Dominions for these officers to be sent over here?

Sir Gurnath Bewoor: I can only say, so far as I have seen the papers, that there was no request sent to the Australian Government by the Indian Government for these particular men, but if the Honourable Member is desirous of getting more definite information on the point, I shall require notice.

Mr. Govind V. Deshmukh: May I know, Sir, whether the Australian Government suggested that some of their men should be attached to Indian regiments?

Sir Gurnath Bewoor: No, Sir.

Sir Cowasji Jehangir: May I know if these Australians were resident in India?

Sir Gurnath Bewoor: No, Sir.

Sardar Sant Singh: May I know the exact place where these Australian officers were trained before?

Sir Gurnath Bewoor: Some of them were trained at Singapore where there is an Officers' Training School.

Sardar Sant Singh: May I know if Indian Officers have been appointed in any part of the Commonwealth of Great Britain?

Sir Gurnath Bewoor: I have replied to that question. The question has not arisen. We want all the Indian officers we can get for our own army.

Sardar Sant Singh: May I know if the Government of India holds that India is a good ground for exploitation by every member of the Commonwealth?

Sir Gurnath Bewoor: There is no question of exploitation, and they are holding Commissions purely on a temporary basis for the period of the war.

DESIRABILITY OF CONVEYING SHACKLED DELHI JAIL PRISONERS IN VEHICLES.

159. ***Mr. E. L. O. Gwilt:** (a) Is the Honourable the Home Member aware of the fact that jail prisoners shackled with wrist and ankle irons are frequently marched through the streets of Delhi?

(b) In view of the extremely undesirable nature of such practice, is he prepared to take steps to ensure that such prisoners are conveyed in vehicles which do not expose them to exhibition to the public?

The Honourable Sir Reginald Maxwell: (a) The answer is in the affirmative.

(b) Orders were issued by the Chief Commissioner last winter for conveyances to be provided in all cases when prisoners have to be moved between the Delhi Jail and the Railway Station on transfer or between the jail and the courts. Owing to some misunderstanding, the orders have not yet been fully complied with but this will be done in future.

BAN ON EXPORT OF THE *Student* OF JUBBULPORE TO FOREIGN COUNTRIES.

160. *Qazi Muhammad Ahmad Kazmi: (a) Will the Honourable the Home Member please state if he is aware of the fact that the *Student* of Jubbulpore, is the official organ of the All-India Students' Federation?

(b) Is it or is it not a fact that the Government censor has banned its export to foreign countries? If so, why?

(c) Have Government considered the advisability of withdrawing the said ban?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b) It is a fact that an export permit for this paper was refused, as it was not considered to be of a suitable character for export.

(c) No.

Qazi Muhammad Ahmad Kazmi: Do Government consider that a paper which is quite safe for India itself will be unsafe for America?

The Honourable Sir Reginald Maxwell: I will consider the Honourable Member's suggestion.

Qazi Muhammad Ahmad Kazmi: May I know if Government have banned this paper for any improper articles on account of which they have deemed it advisable to stop its export?

The Honourable Sir Reginald Maxwell: I should require notice.

CARRYING OF CONFIDENTIAL PAPERS OF THEIR OFFICE WITH THEM BY GOVERNMENT OFFICERS ON TRANSFER.

161. *Maulvi Abdur Rasheed Chaudhury: Will the Honourable the Home Member please state if it is customary for officers of Government, who are under orders of transfer, to take with them without the consent of their successors in office, confidential papers and correspondence which took place during their tenure of office; and if so, under what rules such papers are not handed over to the successors in office for future guidance in the interests of administration of that particular office to which such officers belong?

The Honourable Sir Reginald Maxwell: The answer to the first part of the question is "No". The second part of the question does not arise.

IMPORT DUTY ON UNITED STATES OF AMERICA GOODS.

†162. *Sardar Sant Singh: Will the Honourable the Finance Member please state if the import duty on goods manufactured in the United

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

States of America and imported into this country, has been removed or reduced by any executive action?

The Honourable Sir Jeremy Raisman: No.

DESIRABILITY OF CONTROLLING THE RATES OF INTEREST CHARGED BY BANKS.

†163. ***Sardar Sant Singh:** Will the Honourable the Finance Member please state whether Government are aware that exchange banks have stopped paying any interest on the current accounts, and some of the Indian premier banks have also reduced the rate and are now paying only 1 per cent. interest on the current account and hardly 2½ to 3 per cent. on fixed deposits? If so, do Government propose to fix the maximum rate of interest the banks and the *soucars* can charge or claim in view of the very poor condition of the people of the country dealing in raw produce of the country, or to those who have perforce to borrow on landed property?

The Honourable Sir Jeremy Raisman: Government have not at hand the particulars of rates of interest allowed by banks on various kinds of deposits, but are aware that in view of the cheap money policy followed in recent years the banks have had to reduce the rates of interest on current accounts and other deposits. Government see no occasion to promote legislation to regulate the rate of interest charged by banking corporations. As for regulating interest generally, the matter is for the provinces.

UNSTARRED QUESTIONS AND ANSWERS.

RULES UNDER SECTION 241 OF THE GOVERNMENT OF INDIA ACT, 1935.

56. **Maulvi Abdur Rasheed Chaudhury:** Will the Honourable the Finance Member be pleased to state if they have framed any rules under section 241 of the Government of India Act, 1935, similar to those made by them under section 96 B (2) of the Government of India Act, 1919? Will he further be pleased to state whether the Fundamental and the Civil Services Classification, Control and Appeal Rules made by them under section 96 B (2) of the Government of India Act, 1919, are still in force, without any modifications? If not, what rules have taken their place, or what changes have been made in them?

The Honourable Sir Jeremy Raisman: The Government of India have not as yet framed any rules under section 241 of the Government of India Act, 1935, similar to those made by them under section 96 B (2) of the Government of India Act, 1919, except the Central Civil Services (Extraordinary Pension) Rules.

The Fundamental and the Civil Services (Classification, Control and Appeal) Rules are still in force subject to the provisions of section 276 of the Government of India Act, 1935, and also subject to the amendments issued from time to time.

The first part of the question does not arise. The changes made in the Rules are contained in the orders issued from time to time and published in the official gazette.

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

CASES OF REMOVAL OF THE EFFICIENCY BAR OF INCOME-TAX OFFICERS IN THE CENTRAL PROVINCES AND THE UNITED PROVINCES.

57. Maulvi Abdur Rasheed Chaudhury: (a) Will the Honourable the Finance Member be pleased to state in how many cases efficiency bar imposed on Income-tax Officers in Central Provinces and United Provinces has been removed within the last 12 months and after what duration?

(b) Are Government aware that efficiency bars have been removed within the said period by the Income-tax Commissioner after his personal inspection of work without waiting for more than one report of the Inspecting Assistant Commissioner, while this has not been done for years in other cases? What is the explanation for such a discriminatory action?

The Honourable Sir Jeremy Raisman: (a) and (b). The information is being obtained and will be laid on the table of the House in due course.

PROCEDURE FOLLOWED IN IMPOSING THE PENALTY OF STOPPAGE AT THE EFFICIENCY BAR.

58. Maulvi Abdur Rasheed Chaudhury: (a) Will the Honourable the Finance Member please state whether it is not a fact that on the 8th September, 1939, in the Legislative Assembly, in his answer to parts (e), (f) and (h) of starred question No. 122, admitted that the procedure prescribed in Civil Services (Classification, Control and Appeal) Rule 55 was generally followed in imposing penalties?

(b) Is not stoppage at an efficiency bar a penalty? Is it not a fact that on the 2nd December, 1940, in the Council of State, Government, in their answer to part (b) of question No. 99, stated that the procedure prescribed in Civil Services (Classification, Control and Appeal) Rule 55 would be needlessly elaborate in the case of penalties less than dismissal, removal and reduction? How do they reconcile these two divergent answers?

The Honourable Sir Jeremy Raisman: (a) Yes.

(b) The reply to the first two parts is in the affirmative. As regards the last part, the position is that though it is not necessary to follow the procedure laid down in rule 55 of the Classification, Control and Appeal Rules in cases where the penalty of censure, or withholding of increment or promotion, or recovery from pay of the whole or part of any pecuniary loss caused to Government by negligence or breach of orders, is imposed, generally in practice the grounds on which it is proposed to take action in such cases are communicated to the officer concerned who is also given an opportunity of defending himself before these penalties are actually imposed.

SEIZURE OF THE SAINIK PRESS, AGRA.

59. Qazi Muhammad Ahmad Kazmi: Will the Honourable the Home Member be pleased to state:

- (a) the date on which the orders of seizure of the *Sainik Press*, Agra, were passed;
- (b) the periods for which the Press remained in police possession;
- (c) the name and authorities which passed these orders, with the reasons for them; and
- (d) why and when the first order of seizure was set aside?

The Honourable Sir Reginald Maxwell: (a) to (d). The action taken against the *Sainik* Press was taken by the Government of the United Provinces or their officers and the Government of India cannot answer questions about it.

SEIZURE OF THE *Sainik* PRESS, AGRA.

60. Qazi Muhammad Ahmad Kazmi: Will the Honourable the Home Member be pleased to state:

- (a) whether it is a fact that the All-India Newspapers and Editors Conference held in Delhi in November, 1940, passed a resolution asking for the cancellation of the second order of the seizure of the *Sainik* Press and that the United Provinces Provincial Press Advisory Committee has also unanimously recommended the cancellation of that order;
- (b) the step or steps Government have taken in that connection;
- (c) whether Government will lay the copy of these resolutions and the order of the first and second seizures on the table;
- (d) whether Government intend to compensate the press and the paper for the loss suffered due to the first order of seizure; and
- (e) the reason or reasons why Government are not accepting the recommendations of the All-India and United Provinces Press Advisory Committees?

The Honourable Sir Reginald Maxwell: (a) It is a fact that the All-India Newspaper Editors' Conference passed a resolution on this subject in November, 1940. This Resolution was published in the Press at the time, but the Government of India took no action on it as the matter concerned the Government of the United Provinces. Subsequently the All-India Newspaper Editors' Conference passed further resolutions on the subject which the Government of India agreed to refer to the Government of the United Provinces.

(b) to (e). These parts of the question concern the Government of the United Provinces.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to parts (c) and (d) of starred question No. 140 asked by Mr. H. A. Sathar H. Essak Sait on the 18th November, 1940.

SUGGESTIONS MADE BY THE PORT HAJ COMMITTEES.

(c) *Statement showing the suggestions made by the Port and Provincial Haj Committees and action taken thereon.*

Serial No.	Name of Port Haj Committee.	Suggestions.	Action Taken.
1	2	3	4
1	Calcutta Port Haj Committee.	The number and size of latrines on pilgrim ships should be increased.	Not accepted.

Serial No.	Name of Port Haj Committee.	Suggestions.	Action Taken.
1	2	3	4
2	Calcutta Port Haj Committee.	One or two cooks for the preparation of food for pilgrims may be recruited from Bengali Cooks.	The suggestion was brought to the notice of the Shipping Companies.
3	Do.	If practicable a convenient place may be temporarily provided in pilgrim ships for saying prayers.	The suggestion was brought to the notice of the shipping Companies.
4	Bombay Port Haj Committee.	The space allotted to each pilgrim on decks should either be increased from 16 to 18 superficial feet or the shipping Co. should make arrangements for sleeping platforms without increasing the steamer fares.	This recommendation was placed before the standing Haj Committee and the Government of Bombay were requested to ask the Shipping Company to consider the possibility of giving effect to the suggestions made by the Committee.
5	Do.	If electric fans are not to be installed in all decks, the space around the engine room should be provided with such fans otherwise such space should not be measured for pilgrims unless it is encased with materials which would not allow heat to inconvenience pilgrims.	It was decided after consultation with the Standing Haj Committee to defer consideration of the recommendation pending the results of experiments contemplated by the Shipping Co. of the Thermo Tank system in one of their older ships. (The Mogul Line Ships have since been fitted with electric fans.)
6	Do.	Agreeing with Messrs. Turner Morrison & Co., the Committee suggests that pilgrims should co-operate amongst themselves to set aside certain space for airing, congregational prayers, etc.	Accepted.
7	Do.	The Shipping Co. should fix different fares for 1st class cabins on Upper and Lower decks respectively and call them 1st class 'A' and 1st class 'B' as is the case on the P. & O. mail boats.	The suggestion was brought to the notice of the Shipping Company.
8	Do.	For every 500 pilgrims one gangway should be put into use provided adequate measures are taken to see that the chances of infection are not increased by the unrestricted admission of pilgrims suffering from infectious or contagious diseases.	It was not found feasible to accept this recommendation.

Serial No.	Name of Port Haj Committee.	Suggestions.	Action Taken.
1	2	3	4
9	Bombay Port Haj Committee.	Speed of pilgrim ships should not be slackened for the sake of economy but the delay and inconvenience caused to pilgrims should receive the serious consideration of the Mogul Line.	The matter was brought to the notice of the Shipping Company.
10	Do.	The practice of collecting boat hire at JEDDA with the passage money should be discontinued.	The recommendation has since been accepted but the matter has been reopened by the Saudi Arabian Government.
11	Do.	The ship's staff with the assistance of the Indian Vice-Consul and the Company's Agents at Jeddah should allot spaces in the same way as is done in Bombay.	It was decided, after consultation with the British Minister, Jeddah, that it would not be practicable to give effect to this recommendation.
12	Do.	Various complaints regarding the food supplied to pilgrims.	The complaints were brought to the notice of the Shipping Company.
13	Do.	Rules 80 and 81 of the Indian Pilgrim Ships Rules, 1933, should be amended to give the weights or measurements of articles as far as possible.	Not accepted.
14	Calcutta Port Haj Committee.	Section 149 (3) of the Indian Merchant Shipping Act should be amended so that children under 3 may be carried on a pilgrim ship free of charge and those under 12 years at half rates.	Not accepted.
15	Do.	A representative of each port Haj Committee should be made a member of the Standing Haj Committee.	Not accepted.
16	Karachi Port Haj Committee.	Additions and alterations to the Pilgrim Camp, Karachi.	Certain additions and alterations are being carried out.
17	Do.	Reorientation of latrines in the Pilgrim Camp, Karachi.	The recommendation was accepted.
18	Do.	Erection of a wall around the Pilgrim Camp, Karachi.	Accepted.
19	Do.	Marking of individual spaces of 16 sq. ft. each for pilgrim.	Not accepted at the time. The Bill recently passed by the Legislative Assembly seeks to give 18 sq. ft. per pilgrim and also makes provision for individual spaces compulsory.

Serial No.	Name of Port Haj Committee.	Suggestions.	Action Taken.
1	2	3	4
20	Karachi Port Haj Committee.	Reservation of seats of deck pilgrims on board pilgrim ships.	Not accepted.
21	Do.	The Shipping Company be approached to exclude when calculating the space available for pilgrims such entrances and unsuitable curves which do not allow for the circumstances and limitations of human frame.	Not accepted.
22	Do.	Dining space for deck pilgrims should be provided on upper decks.	Not accepted.
23	Do.	Pilgrims should be supplied with crockery at the time of serving meals.	Not accepted.
24	Calcutta Port Haj Committee.	The D. P. H., Bengal, and officers subordinate to him not below the rank of an Assistant Surgeon who may be deputed by him at Calcutta for vaccinating and inoculating pilgrims may be authorised to issue immunization certificates.	The D. P. H. and Assistant D. P. H. are already included among authorities competent to issue certificates. The proposal to allow officers subordinate to them to issue certificates without counter signature and to countersign certificates issued by other registered medical practitioners was not accepted.
25	Do.	The form of pilgrims pass should be revised.	Accepted.
26	Do.	Space on upper decks should be reserved for females for recreation purposes.	The Shipping Companies agreed that if 20 or more female pilgrims desired to have space reserved, their request should if practicable be complied with.
27	Do.	Shipping Company should be asked to reserve a portion of the deck for prayers without increasing steamer fares.	Not accepted.
28	Karachi Port Haj Committee.	Pilgrim ships intended to carry Karachi pilgrims should commence their voyage direct from Karachi.	The proposal was brought to the notice of the Shipping Companies.
29	Bombay Port Haj Committee.	Either the space per pilgrim in between decks be increased to 18 sq. ft. or sleeping platforms should be provided.	The Central Legislative Assembly has passed a non-official Bill to increase the pilgrim space from 16 to 18 sq. ft. The alternative suggestion was not accepted.

Serial No.	Name of Port Haj Committee.	Suggestions.	Action Taken.
1	2	3	4
30	Bombay Port Haj Committee	Blocks for 2, 4, 8 & 12 pilgrims should be marked in paint instead of chalk and they should be allotted to pilgrims and respective numbers marked on their tickets.	Not accepted.
31	Do.	The Shipping Companies should as an experimental measure, reserve certain space for those female pilgrims who would like to remain separately from male pilgrims.	The Shipping Companies agreed to provide separate accommodation if 20 or more female pilgrims desired to have such accommodation.
32	Do.	Electric fans should be provided in the space around the engine room otherwise it should not be measured for pilgrims.	Referred to the Mogul Line who have since fitted all their ships except 'Islami' with electric fans. The S. S. 'Islami' is fitted with the thermo tank system.
33	Do.	Arrangements for salt water for ablutions should be made for pilgrims on board ships.	Salt water pipes have been provided on the upper decks. It has been decided not to have such taps on between decks.
34	Do.	Pilgrims should be allowed to go ashore at Aden.	Not accepted.
35	Do.	The date of departure of a pilgrim ship from Jeddah should be notified to pilgrims at Mecca, Medina and Jeddah by the British Legation at Jeddah through Mutawwifs.	Under arrangements made the shipping agents at Jeddah inform the Legation of the probable date of arrival of a pilgrim ship and of the number of pilgrims it can accommodate and this information is passed on to pilgrims by the Legation through the Mutawwifs.
36	Do.	The speed of pilgrim ship should be increased.	The complaints were brought to the notice of the Shipping Company.
37	Do.	Issue of pilgrim pass in new form and separate passes to individual pilgrims by authorities in Districts.	Accepted.
38	Calcutta Port Haj Committee.	Control over the undesirable activities of muallims.	Under consideration.
39	Do.	Amendment of the Indian Pilgrim Ship Rules in order to prevent alteration in the dates of sailings announced by shipping companies.	Not accepted.
40	Do.	Quality of food should be improved and better quality of rice and mustard oil should be kept on board.	Commended to the Shipping Companies.

Serial No.	Name of Port Haj Committee.	Suggestions.	Action Taken.
1	2	3	4
41	Calcutta Port Haj Committee.	Sufficient number of electric fans should be provided for deck passengers.	Electric fans have been provided between decks.
42	Karachi Port Haj Committee.	One or two members of the Committee should travel by each pilgrim ship proceeding to Jeddah to ascertain arrangements on board ship.	Not accepted.
43	Do.	A lady doctor or a nurse should be appointed on each pilgrim ship.	The Shipping Company reported that it was difficult to obtain suitable women for the post.
44	Bombay Port Haj Committee.	Adoption of the deposit system to the exclusion of the return ticket system.	Not accepted.
45	Do.	Ships allowed to ply for carrying pilgrims should be of faster speed than at present and rule 5 of the I. P. S. Rules should be amended so as to make the minimum speed 10 knots.	Not accepted.
46	Calcutta Port Haj Committee.	Communique containing full information regarding sailings, etc. should be published at least 2 months before the date of sailing of the first pilgrim ship.	Accepted.
47	Do.	The Government of India should represent to the Saudi Arabian Government against extending the Taqir system to pilgrims of Assam.	The objections were brought to the notice of His Majesty's Minister, Jeddah.
48	Do.	In the interest of pilgrims there should be healthy competition between shipping companies and measures should be adopted to put a stop to unfair competition in pilgrim trade.	The views of the Committee were noted.
49	Do.	Grant of concessions to pilgrims on railways.	Not accepted.
50	Do.	Appointment of a Bengali Muslim Doctor in the Government of India, dispensary in the Hedjaz.	Accepted.
51	Bombay Port Haj Committee.	Fixation of a certain amount of railway fare and its inclusion in the cost of passage ticket.	Under consideration.

Serial No.	Name of Port Haj Committee.	Suggestions.	Action Taken.
1	2	3	4
52	Calcutta Port Haj Committee.	Uniform practice of embarkation of pilgrims should be applied to the ports of Calcutta, Bombay and Karachi.	Under consideration.
53	Do.	<i>Bona fide</i> Bengali cooks should be employed on the Haj Line ships sailing from India.	The suggestion was brought to the notice of the Shipping Company.
54	Do.	The Calcutta Port Haj Committee and the Port Health Officer should examine thoroughly the food stuffs on board pilgrim ships.	The duty of examining food stuffs on pilgrim ships has been entrusted to Port Health Officers.
55	Port Haj Committee, Bombay.	Government should fix fairly reasonable, stable, and uniform fares for pilgrim ships in consultation with Port Haj Committees, Shipping Companies and Standing Haj Committee.	Not accepted.
56	Do.	Adoption of deposit system to the exclusion of return ticket system.	Not accepted.
57	Karachi Port Haj Committee.	Officers of the Sind Subordinate medical service may be deputed to sign the certificates of inoculation and to supervise the vaccination work and countersign vaccination certificates.	Not accepted.
58	Do.	Bookings should be stopped 48 hours before the sailing of each steamer or medical inspection should be permitted after sunset.	No change was considered necessary for the time being.
59	Bombay Port Haj Committee.	Proposed abolition of the system of nominating persons to receive the value of return ticket or deposit made by pilgrims.	Not accepted.
60	Do.	Pilgrim ships should not be required to call at Kamaran if infectious diseases are not noticed on board.	Not accepted.
61	Do.	The Government of India should arrange through diplomatic channels for the reduction of the Jeddah sanitary dues.	The Saudi Arab Government of their own accord reduced the Jeddah sanitary dues by 25 per cent. during the 1940-41 pilgrim season.

Serial No.	Name of Port Haj Committee.	Suggestions.	Action Taken.
1	2	3	4
62	Karachi Port Haj Committee.	Latrines on S. S. "Alavi", "Jehangir", "Akbar" and "Khosru" which are situated near the kitchens may be removed to some other place.	Under consideration.
63	Bombay Port Haj Committee.	Khan Bahadur Sh. Fazl-i-Haq Piracha's Bill to amend the Indian Merchant Shipping Act, 1923 should be supported by Government.	The Bill was passed by the Assembly subject to certain modifications during the last session of the Assembly.
64	Do.	Mogul Line Ships "Khosru", "Alavi", "Jehangir" and "Akbar" should be renovated if they are to be used for pilgrim traffic.	Under consideration.
65	Do.	Shipping Companies should be prohibited from giving any preferential treatment to amirs-ul-Haj.	Do.
66	Do.	Shipping Companies should employ at least 5 muslims in the crew of each pilgrim ship to attend to the burial of dead bodies.	The Moghul Line have stated that the crew of each pilgrim ship includes more than 12 muslims.
67	Do.	The number of water taps on pilgrim ships should be increased and sea water must be made available day and night.	Under consideration.
68	Do.	Canvas sheets with red or black lines should be spread on the between decks.	Do.
69	Do.	The Mogul Line should be asked to reserve accommodation for pilgrims who come from long distances relying on the assurances contained in Government communiques.	Do.
70	Do.	Pilgrim ships should not be allowed to carry more pilgrims than they are certified to carry.	Do.
71	Do.	Luggage should be arranged on the quay at Jeddah according to the Serial numbers.	Do.
72	Provincial Haj Committee, Punjab.	Allotment of funds for giving travelling allowance to members of the Committee for attending meetings.	Not accepted.

Serial No.	Name of Port Haj Committee.	Suggestions.	Action Taken.
1	2	3	4
73	Provincial Haj Committee, Punjab.	Grant of free railway passes to members of the Committee deputed to visit Karachi during pilgrim season.	Not accepted.
74	Do.	Members of the Committee be empowered to issue pilgrim passes.	Do.
75	Do.	The Mogul Line may be induced to condemn their old pilgrim ships which are not in good condition and to provide new ones.	No action was taken.
76	Provincial Haj Committee, Assam.	One third of the amount of the pilgrim pass fee realised from pilgrims from Assam by Port Haj Committees should be paid to the Committee.	Accepted.
77	Provincial Haj Committee, N. W. F. P.	The practice of requiring attestation by witnesses on the nomination form may be discontinued.	Not accepted.
78	Do.	Grant of travelling concessions on railways to pilgrims.	Do.
79	Do.	Prevention of rate-war in the pilgrim trade between shipping companies.	The views of the Committee were noted.
80	Do.	Maximum deck fares should be fixed at Rs. 120 and Rs. 115 from Bombay and Karachi respectively.	Not accepted.
81	Do.	Ample provision of medicines, and drugs should be provided and muslim qualified doctors and nurses should be employed on pilgrim ships.	The Provincial Haj Committee was asked to bring to notice any instances in which stocks of medicines are not provided in pilgrim ships in accordance with the Indian Pilgrim Ships Rules, and also of any instance in which a non-muslim doctor is employed in future.
82	Do.	A member of the N. W. F. P. Haj Committee should be a member of the Port Haj Committee.	Under consideration.

(d) Statement showing the Muslim staff employed on Pilgrim ships.

(i) *Ships of the Mogul Line.

Pilgrim Season.	Total of crew.	Number of Muslims.
W039-40	999	527

*The Mogul Line have no record of the number of occasions on which the services of Port Haj Committees in regard to the employment of Muslims have been utilised. The Port Haj Committee, Bombay, however, frequently sends Muslims to them for employment and if there are vacancies and the applicants are found suitable they are invariably employed.

(ii) * *Ships of the Haj Line (Scindia Steam Navigation Company.)*

Pilgrim Season.	Total of crew.	Number of Muslims.
1937-38	291	207
1938-39	266	159

*The Scindia Steam Navigation Company participated in the pilgrim trade during the pilgrim seasons of 1937-38 and 1938-39 only. The Port Haj Committees recommended ten applications to the Company but as the applicants came generally from up-country stations, it was not found possible to interview them and consequently attempts were made to employ only Muslims for those posts as far as possible from such qualified people as were locally obtainable.

Information promised in reply to part (a) of unstarred question No. 6 asked by Mr. Muhammad Azhar Ali on the 27th October, 1941.

RAILWAYS ENFORCING AN INTERVENING RELIEVING DUTY PERIOD ON QUALIFIED ASSISTANT STATION MASTERS PROMOTED AS STATION MASTERS BEFORE THEIR PERMANENT POSTINGS.

(a) On the East Indian Railway the practice referred to is not in force.

(b) The practice prevalent on each Railway is one that it has found convenient and there is no reason why Government should insist on uniformity in these matters of detailed administration.

RESOLUTION RE THE ATLANTIC CHARTER FOR A NEW WORLD ORDER—contd..

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume discussion of the Resolution moved by Maulvi Abdur Rasheed Chaudhury regarding what is known as the Atlantic Charter.

Dr. E. D. Dalal (Nominated Non-Official): Mr. President, I welcome the criticisms of the Atlantic Charter, strong though they are, because I feel that it is only by the different parties presenting their case frankly that misapprehensions and misunderstandings can be cleared up, and progress made towards India's attainment of Dominion Status. In the Anglo-American eight-point Atlantic Charter drawn up at the momentous dramatic meeting on board the American cruiser "Augusta" on the 9th August, 1941, and two subsequent days, the Prime Minister of Great Britain and the President of the United States of America formulated joint peace aims of the democracies. Only these two men have full knowledge of all that was said and of all that was implied. These two leaders of world democracy have defined certain common principles in the national policies of their respective countries, on which they base their hopes for a better future for the world. Exactly how these principles are to be applied must depend upon the state in which the world finds itself after the war. These two men simply want the whole world to see the difference between the kind of "new order" which the British Commonwealth and America desire and that which Hitler would impose upon the world. More than that, they lay down principles upon which, when victory has been won, the world can build a society of free nations freely collaborating, with the object of securing for all improved labour standards, economic advancement, and social security. The history of the critical times of war is a record of patriotic sacrifice, of unselfish devotion, and of mutual helpfulness; and something of the high sense of duty which is

behind all this must be carried over into the years of peace; and every individual will have to recognize that social security carries with it a social obligation, and that every right carries with it a corresponding duty and every privilege an added responsibility. That, Mr. President, is perfectly true of most of the eight points of the Charter. But, Sir, the third principle is open to interpretations, has already given rise to considerable discussion, and will give rise to more. In his speech in the House of Commons on the 9th September, 1941, the Prime Minister did not expand in any detail the eight points of the authoritative joint Declaration issued immediately after the historic three-day conference. Let us see what is the third principle. The third point is that these two men respect the right of all peoples to choose the form of Government under which they will live, and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them. Mr. Churchill excluded India from the operation of the first part of the third principle; but he expressly stated that the British Government are pledged by the declaration of August 1940 in which India had already received her charter in identical terms only twelve months before the Atlantic Charter had been drawn up; and there can be no doubt that the latter part of the third principle applies to all countries in Europe which have lost their independence during this war. The Prime Minister has not stated that the pledges given to India have disappeared or that they no longer stand. The Honourable the Mover of the Resolution is very anxious that immediate steps should be taken to apply the Atlantic Charter to India; but I submit that the mere waving of the Atlantic Charter wand will not solve India's political problems and will not really satisfy the aspirations of the people of India. Since 1918, the whole policy of the British Government has been to prepare the country for self-government by a succession of stages, and at the same time to secure constitutional guarantees for the numerous Indian minorities. It has been urged that the declaration of August 1940 is incomplete, and is hedged in by many conditions. But, Sir, Dominion Status exists automatically when certain required conditions are present. When the various political elements are agreed as to the kind of constitution under which they are prepared to live, and if the minorities are satisfied as to the conditions under which they are expected to live in the future, then the country will have secured Dominion Status for the simple reason that the British Government will have neither the power, nor the desire to reject or resist the demand.

Sir, I am convinced and strongly convinced that the latest administrative reforms, namely, the expansion of the Viceroy's Executive Council and the creation of the National Defence Council, are an earnest of the desire of the British Government to give Indians a steadily increasing share in the control of their country's destiny; and no one should doubt the sincerity of the British Government when they declare it a matter of general acceptance that India should, as soon as practicable, become a free and equal partner in the British Commonwealth; and no one should fail to recognize that the existing difficulties are due, not to any ill-will on the part of the British Government, but to conditions in India which can only be remedied by the co-operation, with Government and with one another, of the great rival parties now standing sulkily aloof. The British Government have deliberately remitted to Indian hands the framing of India's future constitution; and even if there were no war, the finding of an agreed

[Dr. R. D. Dalal.]

solution to India's constitutional problem is bound to take time. That is all the more reason for Indians to get together now to make a beginning of the inquiry and investigation, so that when the time comes to implement the guarantee of Dominion Status, the material would be ready for a reasonably prompt decision.

Mr. N. M. Dumasia (Nominated Non-Official): Sir, it is most unfortunate that, when the world is depressed by the most terrible calamity that has overtaken it in its history, while destructive and evil Nazi forces threaten to exterminate every form of freedom and religion, no voice has been raised in this House to denounce Hitlerism and what it stands for, but instead an undignified and unwarranted attack has been made on the two outstanding leaders of the world—President Roosevelt and Mr. Churchill, the Prime Minister of England,—both of whom have given and are giving their best to free the fallen countries in Europe from the savage yoke of Nazism and to prevent the war from extending to our country. We are, however, indebted to the Honourable the Leader of the House and two Honourable Members who followed him, Mr. Boyle and Sir Cowasji Jehangir, for lifting the debate to a higher plane. The Leader of the House delivered an impressive speech clarifying the situation and he has well deserved the tribute paid to him by my Honourable friend, Sir Cowasji Jehangir. We should have thought that on the historic occasion of the first meeting of the expanded Executive Council containing a majority of Indian Members, the Congress and the Muslim League representatives would attend and congratulate the new ministers on their undertaking a great and noble task, but they have chosen to go into wilderness and desert the interest of the country at a critical stage in its history. They have themselves destroyed their capacity to lead the country and thereby they have most certainly forfeited every right to have any say in shaping new India that would be created after the war. A most cursory survey of the Indian political field, as it is today and as it promises to develop in the future, must lead to the conviction that unless and until the rights and interests of every minority are constitutionally guaranteed, no return to power or leadership in the Central or the Provincial administration, will now be possible to the organisation which once claimed to be the voice of India.

Sir, everybody is anxious that India should be raised from a dependency into a full-fledged dominion but many factors militate against it. First of all, it appears from the sterile tactics adopted both by the Congress and the Muslim League that these two bodies stand in the way of India being raised to a dominion. Since the inception of the Congress, nearly 56 years ago, many high-minded Englishmen have done and are doing their best even today to win political freedom for India and we have now arrived at a stage when Dominion Status seems to be in our reach if only we know how to grasp it. It is the efforts and achievements of the great founders and early builders of the Indian National Congress that have placed India firmly on the road to constitutional freedom by constitutional means. The late Sir Dinshaw Wacha in a special article contributed to the *Times of India* pointed out that the Congress had accomplished what it had set out to achieve and when the Montague-Chelmsford Reforms were promulgated there were many people in the country who said that there was no need for continuing the activities of the National Congress or the Muslim League, as their functions would be effectively performed by the new Legislatures which are now being boycotted by the Congress

and the Muslim League to the great detriment to the interests of the country. Mr. Gandhi's Congress has also accomplished its appointed task not of building but sapping the foundation of self-government so truly laid by great Indian patriots of the past. Another reason which militates against self-rule in India is that the Congress committed political suicide by withdrawing from the administrations of the Provinces where they had received whole-hearted support and co-operation from the Viceroy, Governors and members of the Indian Civil Service. The Provinces were administered by the arbitrary fiat of the Congress High Command. We were only subjected to brown oligarchy in place of white bureaucracy, the latter, notwithstanding its numerous faults of omission and commission, has rescued us from the depths of degradation, anarchy and chaos which prevailed in India after the death of Aurangzeb. The minorities suffered terribly under the Congress Governments. Its hand fell heavily on my community which had, more than any other community, helped India to rise in the political, industrial, educational and social spheres. We, therefore, hail the declaration of His Excellency the Viceroy of 8th August, 1940, which recognises the obligation and responsibility of His Majesty's Government towards the minorities. If that stipulation which is emphasised by Mr. Churchill is removed at the dictation of any political body, there will immediately be a signal for civil war in the country. I do not hold a brief on behalf of the Government, whose policy had hitherto been to placate the Congress only and glorify Mr. Gandhi.

Like everybody else I propose to speak with respect and restraint about Mr. Gandhi. I will not, however, call white what is not white. It is Mr. Gandhi, who in spite of his great services in the past has today proved a stumbling block in the path of political progress. He has no ears to hear or eyes to see and has become impervious to criticism. That is our misfortune. Mr. Gandhi wants Great Britain to relax its hold on India completely and immediately as if Great Britain has no interest, no obligation and no responsibility in the matter. His Satyagraha movement is not a moral or a spiritual movement as he asks us to believe; it is a subtle political stunt to extract the maximum advantage for his party at the sacrifice of the other important units comprising India. When the Government show signs of meeting the popular demand and promise definite measures towards that end, it is unpatriotic on the part of the principal actors in the political arena to deny them their co-operation.

As that great Indian patriot, the late Sir Surendra Nath Banerjee, who had undergone more injustice at the hands of the Government than any other Nationalist leader, has emphatically laid down, it is our duty to modify our attitude towards the Government when we see a fundamental change in its policy. "I altogether repudiate the idea", said Sir Surendra Nath Banerjee "of persistent policy of non-co-operation especially at a time when the Government is prepared to move along progressive lines, though the pace may not be as rapid as we should like it to be." His argument can be applied with greater force to the present situation today when the country is in a state of turmoil and is passing through an artificial political crisis engendered to embarrass the Government. As Sir Surendra Nath Banerjee had put it "to oppose where we should co-operate was the height of folly and unpatriotism"; and he characterised such an attitude as nothing less than "treason against the motherland". There is chaos and confusion in the country, an internal crisis confronts both the Congress and the Muslim League in spite of a deceptive outward appearance of unity.

[Mr. N. M. Dumasia.]

It is said that the Viceroy's declaration of August 1940 is hedged in with many conditions. Sir, I see only one main and important condition in it about safe-guarding the position of the minorities in the future political structure of India. If this condition disappears there will be no protection for the minorities. We will oppose such an omission tooth and nail. When Great Britain is engaged in a life and death struggle the author of the "Letter to every Britain" calmly suggests to the British people to surrender their possessions and allow themselves to be slaughtered. And fancy such a monstrous suggestion comes from "a lifelong and wholly disinterested friend of the British people". If Mr. Gandhi wants to avoid political warfare in India why does he not give the same advice to Hindus to surrender everything to the Muslims and avoid a civil war? The Viceroy's declaration of August 1940 is clear beyond all doubt. Immediately the war is over the British Government agree to set up a body representative of the principal elements of India's national life to devise the framework of their new constitution. The future constitution is to be prepared by Indians themselves. In that memorable declaration the British Government clearly affirm the basis of India's "free and equal partnership in the British Commonwealth". Mr. Churchill has only reaffirmed it without any qualification subject to Britain's obligations and responsibilities to many creeds, races and interests. What is wrong therein and why such a fuss over it? The Congress always demanded that the people of India should be given the right, through some kind of constituent body, to frame its own constitution in its own way and that is to be generally accepted by the British Parliament. This demand is virtually conceded. It goes far beyond the promises contained in the Viceroy's speech delivered in the Orient Club in Bombay in October, 1939, in which Mr. Gandhi found the germs of an honourable settlement. Yet what do we find Mr. Gandhi doing now? He wants immediate independence and yet declines to defend that independence and advises us to lie prostrate before the hordes of Hitler. Sir, even a child knows that India is at present incapable of defending itself, but that fact does not trouble Mr. Gandhi.

If India wants self-rule in the near future the Congress must first of all actively help in the prosecution of the war. Mr. Gandhi should give up the farce of Satyagraha which is regarded as a huge joke even by his own followers. It is our gallant soldiers, Indian Princes and the sensible class of prepondering Indian population who have, by their performances, acquired the right of having an effective say in the re-constitution of India after the war. The Congress and the Muslim League have failed to grasp the situation and in spite of their hatred of Hitler they are adopting an attitude which places them in a category of people unfriendly to India. A microscopic minority of politicians headed by Mr. Gandhi is determined to withhold its support to the British Government in its Herculean war efforts, but it should be remembered that in history's judgment those who demand immediate independence or separation will be found not as friends but enemies of their country. The heart of India is sound. It recognises and admires the noble cause for which the British people fight and it merits the utmost of enthusiastic aid from the people of India, Will Mr. Gandhi and the Congress betray their own country in order to feed their fantastic fad? Mr. Gandhi has repeatedly said that there can be no Swaraj without unity in India. Is he fostering unity or sowing the seeds of a civil war?

Heaven forbid, but if such an unpleasant contingency takes place, will he then advise the Congress to become non-violent and give up their all to their opponents or will he go on hunger-strike? The late Mr. Dadabhoj Naoroji, the greatest political teacher of our age, referring to the question of self-government from the Congress platform in Calcutta in 1906 spoke of a beginning "which would develop itself into full legislatures of self-government. There must be a beginning, there must be progressive stages, there must be a final culmination in the matter of self-government". These are the ideals which we all cherish. To quote that great leader, Sir Banerjea, again "I closely follow the lines of Tennyson's teaching—a majestic order, a gradual and regular development, without rest, but also without haste". 'Raw haste' was characterised as a half-sister to delay. That true *Rishi*, Dadabhoj Naoroji, taught us several useful lessons. While he did not minimise the value of ideals which appeal to the imagination, stir the heart and stimulate the noblest springs of action, he stressed the important point that the ideal and the practical should not be divorced, but be blended together into one harmonious whole:

"The ideal must be subordinated to the practical, governed by the environments of the situation, which must be slowly, steadily developed and improved towards the attainment of that ideal. In nature as well as in the moral world there is no such thing as cataclysm. Evolution is the supreme law of life and of human affairs. Our environments must be improved and developed, stage by stage, point by point, till the ideal of the present generation becomes the actual of the next."

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Mr. N. M. Dumasia: That lesson of that late lamented Grand Old Man of India is lost on that impatient idealist, Mr. Gandhi. In his fold and creed the noble spirit of tolerance and patience—our inheritance of centuries past—though often preached has disappeared and evil practices disastrous to the best interests of the country have been fostered. If our politicians will cultivate the virtue of tolerance, patience and fairplay towards all, and be prepared to do their duty and discharge their responsibility towards their King and their country and produce a workable formula, and a practical scheme for efficiently administering and defending this sub-continent "a brighter, nobler and more glorious future" which we all desire will dawn on India and its ancient civilization and culture will once more prosper and will be a growing vital force in the conduct and efforts in human affairs for promoting public weal, social order and political progress.

Mr. President (The Honourable Sir Abdur Rahim): Honourable Member must finish his speech now.

Mr. N. M. Dumasia: I will take only one minute more, Sir. The prevailing disunity and disorder in the political world of India, the absence of constitutional guarantees for the rights and interests of the minorities and the hostility of the Congress towards them as revealed in their high-handed conduct in the administration of the Provinces and their hostility and intolerance shown towards Indian Princes whose magnificent services in the war have been an inspiration to all of us make the solution of Indian political problems well nigh insoluble

Mr. President (The Honourable Sir Abdur Rahim): Order, order: The Honourable Member must finish his speech. There are other Members who want to speak and I cannot allow the Honourable Member to go on indefinitely.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Mr. President, it appears to me that there is a lot of misconception about the scope of the Resolution of Mr. Abdur Rasheed Chaudhury. What is a Resolution in this House? It makes a recommendation to the Governor General in Council and raises a definite issue. I am quoting the words of the Rules and Standing Orders. That being so, I would like to examine the terms of the Resolution to be able to know what is the exact recommendation made and what is the definite issue raised in this Resolution.

The terms of the Resolution are:

“That this Assembly recommends to the Governor General in Council that immediate steps be taken to give effect, in the case of India also, to the joint decision of the British Premier and of the President of the United States of America commonly known as the Atlantic Charter for creating a new world order.”

Therefore, the Resolution makes a specific and categorical recommendation, namely, that steps be taken to give effect to the joint
12 Noon. decision which is commonly known as the Atlantic Charter. What I am anxious to point out is this. This Resolution does not ask the Government of India to give its interpretation of the Atlantic Charter. It does not ask the Government of India to make a declaration as to whether it was intended to apply to India or not. There was a lot of discussion in this House as to whether it was intended to be applicable to India or not. The Prime Minister's statement of the 9th September repudiates the declaration so far as it is applicable to India. It does not at all ask the Government to give its view of the August declaration as to whether it is identical with or different from the Atlantic Charter, and in the event of a difference between the two which should prevail. This Resolution has nothing to do with all these controversies. It makes a categorical recommendation that the joint decision should be given effect to and it has asked the Government of India to take steps in that behalf. That is the recommendation. As regards the principle laid down in the Atlantic Charter, there is no controversy, there is no ambiguity, there is no difficulty. The whole controversy lies, as to the extent of its application. Does it apply to India or does it not apply to India? In the light of that, let us examine the Resolution.

As I understand it, this Resolution means this: the Atlantic Charter might have been intended to apply to India, or it might not have been intended to apply to India. If it was intended to apply to India, then the Resolution asks the Government of India to take steps—not to give effect, because it cannot give effect—but to take steps in that behalf. If on the contrary the Atlantic Charter was not intended to apply to India, then also this Resolution says, steps should be taken to give effect to that decision so far as India *also* is concerned. The Mover's words are very careful. He says, give effect in the case of India *also*. That word 'also' is very significant. Therefore, this Resolution steers clear of all the controversy as to what was the interpretation or what was the extent of application and all that. You may agree with his view or you may not

agree with his view, but the categorical recommendation contained in this Resolution is that he has asked the Government of India to take steps to give effect to that decision.

Now, Sir, therefore, all the controversies, as to what was the meaning of Mr. Churchill's statement, whether it was consistent with Atlantic Charter, clause 3 or whether it was co-extensive with the August declaration, these are questions, which are all absolutely irrelevant to the discussion of this Resolution. That being the specific recommendation contained in this Resolution, let us see what has been the Government's reply to that recommendation. If I have been able to understand the Government's reply on this point as regards the steps taken in this behalf, there is no promise made, no assurance given that any steps will be taken in that behalf by the Government of India. The only promise made and the only assurance given is that, first of all, the Government of India will ascertain the views and feelings of this House. That is one portion of the assurance, the other is it is the duty of the Government of India to keep His Majesty's Government duly informed of the feelings and views of the House—to ascertain and to report. My submission is, this is no answer to the demand made in the Resolution at all. There is no reply as to whether any steps will be taken or not. This ascertaining and this reporting, is that all the function of the Government of India? Is that all their duty which they owe to the people of India in connection with this vital matter, in connection with this principle of self-determination, in connection with the future constitution of India? The Government of India is not merely an Intelligence Department.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Do I understand, the Honourable Member to say 'Intelligent'?

Mr. Akhil Chandra Datta: Intelligent, they are certainly, they are intelligent with a vengeance, they are too clever. I was saying that the Government of India are not an Intelligence Department. Their duty is not merely to ascertain the feelings and views of the House and then report. They are not a mere Post Office for communicating the views of this House to His Majesty's Government. Now that postal communication is difficult, for all practical purposes, postal communication having been abolished, the Government of India is not a mere Telegraph Office. As regards the communication of the feelings, I should think there is a cart load of literature which has made its way into the India Office. The Secretary of State for India knows our views on this question. He knows the views and feelings of the people of India on this question of future constitution of India and on the question of Atlantic Charter. At all events, so far as the Expanded Council of the Government of India is concerned, I submit in all humility that the new Members should play the role of representatives of the people. Mr. Aney was the leader of the fight for the freedom movement in India. We expect him to continue that fight for freedom while remaining in the Government. Speaking of the Members of the Expanded Council, I appeal to them to take their share in this constitutional fight for freedom. You must make your own contribution to the freedom movement. I say you must exert constant and persistent pressure to take India nearer every day to her goal. You must bring into existence conditions under which the demand for self-government will become unanswerable and irresistible. A mere passive attitude is not sufficient. It

[Mr. Akhil Chandra Datta.]

may be sympathetic, full of sympathy, but I claim that is not enough. Well, Sir, it will not do for Members of the Expanded Council to be mere sight-seers, interested or disinterested. They must do all that lies in their power, they must plunge themselves into the fight for freedom, I mean of course constitutional fight for freedom. It is in that hope that we welcome this Expanded Council and in that hope only.

Sir, it has been said that the Atlantic Charter is identical with the August declaration. I do not see my Honourable friend, Mr. Boyle, now in the House. He declared in a spirit of complacency the other day, you have got your August declaration, why do you bother about the Atlantic Charter? And I am quoting his words,—“The Atlantic Charter and the August declaration are identical in spirit and tone”. If that is so, may I ask one simple question of Mr. Boyle who is not here: If they are identical, why does Mr. Churchill swear by one and stoutly repudiate the other? Sir, this is not the time for a full discussion; the time at our disposal does not permit it. But I shall simply say that the Atlantic Charter is a charter of freedom, a new gospel of equality, and justice, for all people and for all countries either in Europe or in Asia. What is the August declaration? It is a declaration of perpetual bondage for India. The conditions laid down are such as are absolutely incapable of fulfilment till Doomsday; it practically amounts to a declaration of perpetual slavery of India. This August declaration, I must say, was the greatest bluff and camouflage that one can conceive. Another question that has been debated is whether the Atlantic Charter was intended to apply to India. Mr. Aney, if I remember aright, has said that his own inference is that the earlier portion of clause 3 was intended to apply only to those countries which have been overrun by the Nazis. I am sorry he made that statement.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has one minute more.

Mr. Akhil Chandra Datta: Very well, Sir, I will finish in one minute.

Apart from the plain English of the Charter, we have got the statement of Mr. Attlee, we have got the statement of President Roosevelt, immediately, after his return to America,—I cannot quote it for want of time,—we have got the statement of Mr. Cordell Hull, the Secretary of State in the United States, who described the joint declaration as a statement of basic principles and fundamental ideas which are universal in their practical application.

I submit, Sir, that Mr. Churchill's repudiation, so far as India is concerned, is an after-thought. We wanted a declaration from Government as regards India's future position. We have that declaration from Mr. Churchill in his statement of the 9th September last. I shall conclude my observations, Sir, with one quotation from Sir Francis Younghusband in a statement very recently made:

“We have blundered badly in India. While we have expressed our intention to free any other country, we have made special reservations about liberating India.”

Rao Sahib N. Sivaraj (Nominated Non-Official): Sir, when my Honourable friend, Maulvi Abdur Rasheed Chaudhury, moved this Resolution I felt, without meaning any disrespect to him, that it was almost futile on his part to attempt to do so and try to get a verdict of this House on that

Resolution. The circumstances in which the Atlantic Charter was brought into existence, the state of mind of the parties to the declaration and the limited scope, as I will try to explain later on, which the Atlantic Charter must have in view, make me feel that the Resolution seeks to look for more in the Charter than is actually to be found in it. To my mind and from the point of view of the community which I have the honour to represent in this House, that Charter has neither a significance nor a value because I hold the view that it is a Charter which had been agreed upon by two nations who hitherto have not solved the problem or problems which are common throughout the world and problems to which we the scheduled classes in this country are particularly subject. Sir, historians have divided the history of the world into different epochs or different ages, and for each age they attributed a particular dominant characteristic. But so far as I have been able to read history and from my point of view I find that the history of what is called civilisation or what they call human progress, indicates only the proportion that exists in different ages between the people that want to enjoy the comforts and the amenities of the world without working for them, and those who work day and night but still fall short of even their daily necessities. Looking at it from that point of view I find that the proportion varies in inverse ratio to the claim that is made about humanity's progress through the ages of history. It does not matter what instrument is employed,—some have employed religion, others have employed, without giving it a definite name, a bundle of superstitions, yet others have employed notions like nationalism and patriotism and most recently I suppose people have employed science,—but the game has always been that the few always wanted to keep the many as fools and as slaves. And in this respect the age in which we now live I cannot compare with any other age. There was no other age in which so many are kept as fools by so few; and that is why I suppose we are living in an age of dictators, not even our own country excepted.

Imagine, Sir, the philosophy of non-violence. The author of that philosophy seriously suggests that he can match his non-violence against a powerful machine like the Nazi machine and yet hopes to succeed; and there are millions and millions who are prepared to believe him and to follow him. Again we find yet another leader suggests that India ought to be divided into so many sections and that a scheme like Pakistan is feasible; and yet 90 or 100 millions of people believe it. And so also in other parts of the world. In countries like Germany and Italy and other places people believe in the philosophies that have been expounded by their leaders. Taking into consideration the present age I personally do not look for much in the Atlantic Charter, particularly from the point of view of the poorer classes. In fact the declaration does not even suggest or even give a hint as regards helping the poorer classes or solving the age-old problem of the Haves and the Have-nots. From my point of view I think we should not have expected anything from this Atlantic Charter. In my own view it is in a way an S. O. S. call. The object, as I gather, of that declaration is to see that the countries of Europe which have been brought under the heel of Hitler should not take it lying down, that on the other hand they must do their best to see that they throw down the rule of the Germans. I think that is only a limited scope; beyond that there is no other object. The Atlantic Charter is vitiated by certain circumstances which in an ordinary Court of Law would be held to invalidate any agreement or contract. Now, just imagine, Sir, two persons were facing a terrible crisis and they got together to solve the problem. . . .

Pandit Lakshmi Kanta Maitra (Presidency Division: Non-Muhammadan Rural): What problem?

Rao Sahib N. Shivaraj: . . . the problem of defeating Hitler, and the circumstances under which the meeting took place in the mid ocean, where round about them every hour some ship or other was being sunk or was on the point of being sunk. I cannot imagine that persons placed in that position could have really been in a fit state of mind unless they are super-human. I cannot for a moment imagine that they could have been in a fit state of mind to give a declaration with any real practical consequence. We have heard of cases where a *banya* who has fallen into the hands of a dacoit gives profuse promises to his would-be-rescuer, but we later find how these promises end in a few annas of *bakshish*. Sir, I am not trying to compare big things to small and make them look ridiculous but I say the circumstances are more or less similar. Then there is another point about the Atlantic Charter. There is a superstition attached to it so far as our country is concerned. Whenever a man promises a thing and the person who is promised does not entertain any hope of the promise being fulfilled, he says 'you better go and write it on water'. It is unfortunate that so far as our country is concerned it was entered into in mid ocean.

And now let us see the parties and the cult to which they belong. Let them call themselves democrats—whether it is Mr. Churchill or Mr. Roosevelt. It is very doubtful whether they apply real standards of democracy in their every day life. Barring the fact that they are living in countries which are reputed to be democracies the methods which are adopted there today and the method they have adopted so far do not incline us to the view that they are men who can ever apply the principles of democracy in practice. So, Sir, so far as the question of linking up the Indian freedom and the Indian democracy to the Atlantic Charter is concerned, I feel that the attempt is a mere futility. And then from my point of view, Sir, I say that we of the Scheduled castes feel that we have no part to play, in the first place, in the shaping of the future of the world, or what they call the new order. In the second place, we feel even if such a new order is ever to come and it is to be shaped by the democracies, having regard to the experience of our people with the Government of India, here, we expect very little from it. There is, however, one point to which I feel every one's attention must be drawn. Hitherto there was a superstition in this country that America was sympathising with India's attempts to attain freedom and full responsible Government. Now the effect of the Atlantic Charter seems to be, and particularly the subsequent interpretation of its clauses by the Prime Minister of England, that America does no more take even a moral responsibility for helping India to attain responsible Government, or for advising the British Government to give India any responsible Government of the kind. Questions relating to the minorities, questions relating to the Hindu-Muslim conflicts, questions relating to the unity of India are not, really speaking, relevant to the consideration of this question. We have got to look at it from the point of view of those two people, *viz.*, Mr. Roosevelt and Mr. Churchill, and I think it is very difficult for us from here to try to understand what exactly they meant by their words in the Atlantic declaration. With these words I feel that I should advise my friend, Mr. Abdur Rasheed Chaudhury, to withdraw his Resolution.

Lieut.-Colonel Sir Henry Gidney (Nominated Non-Official): Sir, it is evident that we live in a world of charters and, in this Assembly, it might more correctly be said 'in a world of barter'. We have the Magna Carta. We have now got the Atlantic Charter or shall I call it a 'barter'. Then we have got the Bay of Bengal Charter, *i.e.*, the Indo-Burma Agreement. And we have got the Indo-Ceylon *i.e.*, the Indian Ocean Charter. Then we have got the Congress Charter which is evidenced in the empty chairs we see here in this Honourable House. We have the Muslim League Charter, also evidenced in these empty chairs allotted to them.

And, now, I come to Mr. Abdur Rasheed Chaudhury, which this House may wish to call the Independent Charter, coming as it does from this Party. We have heard what he has said and we have also heard the last speaker's eloquent speech on which I congratulate Rao Sahib Shiv Raj. But, Sir, let us come to tin tacks. What are the real facts? The meeting of these two great persons in mid-Atlantic was no concern of ours. The arrangement and the terms arrived at concerned the nations of the world and, we, in India, thought we were a nation and a part of that world, forgetting that we are still a dependent and a possession of Great Britain and not a part of the New Germany under Nazi domination. This is a point which is at issue, and I am sure Mr. Attlee when he made his speech was either unmindful of that fact or, with his liberal heart, he made us, in India, understand that "India's freedom was included in the terms of that Charter". Mr. Roosevelt has remained silent, but Mr. Churchill, than whom no more conscientious statesman exists today, took it upon himself, later on, to define exactly what he meant and that is the matter which we are discussing today. Perhaps it would have been wiser had Mr. Churchill not made this statement. Sir, it reminds me of a story which, with your permission, I should like to tell this House. It is this: The world war is over and everybody is dead except three who are alive: One is an autocrat—Hitler; one is a Hypocrat—Mussolini; and the third is a democrat—Mr. Roosevelt or Mr. Churchill, together or singly. Said the autocrat to the rest: "I dreamed last night that God visited me and said 'Look here Adolph, I want you and Musso to divide the world and rule it'." The hypocrat then said: "That's strange, Adolph, because God visited me last night and said 'Musso, I want you to rule the world yourself'." After an ominous silence the democrat, whose voice this Atlantic Charter in a measure reflects, said, "You damn liars, I never said anything of the kind". And, so, we, in this House are asked to accept that Mr. Churchill really did include India in the terms agreed upon in the Atlantic Charter, but which he denied in his subsequent statement and we are certainly left in no doubt about how India stands today.

But, Sir, what are we asked to do? We are asked in this Resolution to recommend to the Governor General in Council that this Charter be given immediate effect and so create a new order. We all know that a New Order is coming into being all the world over. We see the old order is giving birth to the new. None can doubt this and the sooner it happens in India, when we can live on terms of perfect equality with one another, the better it will be for us. But Mr. Churchill has made it quite clear in his subsequent statement that he did not include India. Now, let me refer to this Resolution which, for convenience, I would call the "Independent Charter" coming as it does from the Independent Party, and let me try and analyse on what this independent charter is dependent. It is dependent on many prerequisites, which, no one in this

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Honourable House will deny, must exist before this "immediate effect" claimed in this Resolution is given and the new order is created. Times out of number the British Government and the Indian Government have said to the peoples and political leaders and parties in India: "Settle your differences; Unite, and the constitution is for you to make yourself, i.e., the grant of a constituent assembly of your own making, subject to certain British vested interests, safety of minority interests and Indian States". Much as I would like to see an early settlement of our many differences and I give second place to no one in this House in my desire for India to obtain Dominion Status—for why should we be the slaves or inferiors of anybody—still, when I see that this very vital and necessary prerequisite of unity is absent and which in my opinion must be a *sine qua non* of attaining the benefits of this Charter, I ask myself, how can I support this Resolution even though a member of my Party has moved, but not with the consent of Party. I ask this House, look at those empty Congress and Muslim seats—is that evidence of unity? Let us be practical men. Let us not swim in a sentimental political stream, be it the Indian and not the Atlantic Ocean. Let us not indulge in aerial politics, rather let us as realists, not theorists, face squarely the actual situation before us in which the gulf separating Hindus and Muslims is getting wider and wider. Supposing we do pass this Resolution and the Government agreed with us, to whom is this new Charter to be given? and with immediate effect? To the Congress, Muslims or to the Sikhs? None of these communities trust each other and are apart as are the poles. I want this House to ask itself: Will it be given to a solid united India, or to a fluid disunited India? Or will this freedom be thrown into the waters of the gulf that so sharply and definitely divides us? Do let us realise the facts as practical politicians. Much as I should like to see India in the enjoyment of Dominion Status and within a minimum of time I am forced back to the question to whom in India shall it be given? Let us ask ourselves this solid practical question. If it cannot be given to an united India, if the Hindus and Muslims refuse to unite then why make this demand at present? Why not come to an agreement between ourselves and then make this demand and I shall be with you.

It is said that the Government policy is one of 'divide and rule'. It can be more truthfully said that "we divide and Government rules". We want this new order and we are entitled to our freedom; but I ask, what freedom can we claim and have when, today, we have no freedom from ourselves. Indeed we are prisoners and slaves to our own divided communal bigotries and divergent demands, one against the other, disunited; one the enemy of the other. Blame ourselves not the Government or that great man Mr. Churchill. We are, I repeat, saturated with feelings of distrust of one another. It is not wise to swoop horses in midstream especially during an all world war. Let the midstream be the Atlantic, Pacific or Indian Ocean or anywhere else. If we were all together, there would be no difficulty whatever in this House unanimously passing this Resolution and calling upon Government immediately to give us this Charter. No one can deny that. But we are acutely divided into compartments which is growing worse daily, because we are living in the past, we are being guided by leaders who have lived out their time of

usefulness. India needs new practical leaders, devoid of selfish individual prestige and motives—men with practical outlooks, men who will work for India first and next for their communities. Given this—I assert this Charter and this new order will be ours for the asking. If I may be ultra-prophetic and if my vision is right, I see today evidence of this dividing gulf being narrowed by the formation of detached streams on both sides of it, each one growing bigger daily, the Muslim side and the Hindu side and who will deny that, as the gulf narrows and these streams enlarge and fuse it will give birth to an united body in India to whom Government may safely give this Atlantic Charter, freedom, or Dominion Status.

Those of us who have read today's *Hindustan Times* must have been struck with the *jehad* or mandate issued by Mahatma Gandhi to his followers on the Indo-Ceylon Agreement. What did Mahatma Gandhi write? Though the voice of the Congress is absent in this House, yet Mahatma Gandhi still speaks to India as the voice of the Congress. He said: "There is no reason for hurry. Wait. Do not be impatient and disagree with each other; let's trust each other and after the war let us settle this matter." Yet, strange to say he has never said that we should do the same towards England in his demand for freedom—He wants this at once, unconditional, or rather on the Hindu terms and Mr. Jinnah makes almost similar demands, *minus* the bargaining, and why? Because each distrusts the other. There is a saying that trust begets trust. Mistrust, even a veneer of it, engenders mistrust. This in my opinion is the very nucleus of the position today in India. This is the only reason why the Atlantic Charter and Dominion Status has not, up to date, been given to India.

In conclusion, I would say to the House and I repeat I do not yield to anyone in my desire for Dominion Status for India. Let us really deserve before we desire. Let us deserve, not in speech, not in Resolutions and such like methods; but let us deserve by securing a real, true and solid fusion of the two great parties—Hindus and Muslims—whom we do not see here today and who, none will deny, along with the minorities are the deciding factors of the future of this great sub-continent of ours—India. I have no desire to throw cold water, discourage, or be in violent opposition with a member of my Party, Maulvi Abdur Rasheed Chaudhury, who has brought forward this Resolution. We are each one of us entitled to our own opinions; for to live is to think and to think is to differ and so I claim my right to differ. Whilst I share with him the sincerity of feeling behind his Resolution I regret I cannot, living as we do in an India so violently divided in every way, support his Resolution, nor can I share with him, in any degree whatever, that the time is opportune. I would, therefore, suggest to him to withdraw it. But at the same time I do wish to state that the time for Dominion Status is ours to make and to ask; it is not for England to do this for one will naturally precede the other. When England sees that we have made peace with each other and that we as an United India trust each other and are prepared to work peacefully together, I am sure England will voluntarily and willingly say, "Here is your opportunity to make your own constitution as you want and we are prepared to give you the Charter. Let it be an Atlantic Charter or any other Charter. But do not

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let it be a Barter. Sir, I would again ask my friend, the Mover of this Resolution, to withdraw it.

Some Honourable Members: The question may now be put.

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

“That the question be now put.”

The motion was adopted.

Maulvi Abdur Rasheed Chandhury (Assam: Muhammadan): Sir, I am very thankful to my friend, Mr. A. C. Datta, for explaining the view points of this Resolution in its different aspects. In fact, after he concluded his speech, I thought it would be useless for me to come forward with any reply; and I was going to do that but for some loose and irrelevant remarks on the Resolution, especially by the Leader of my Party. I bow to my friend, Pandit Lakshmi Kanta Maitra, when he advised that I should not have brought forward a Resolution like this. I respect his friendship greatly; but with all the respect I have for him, I tell him that if I had any other effective means in my hand, I would not have brought forward this Resolution. My friend, Mr. Jamnadas Mehta, spoke so eloquently and supported this Resolution so much that I have got all praise for him. Sir, now I come to my friend, Mr. Boyle,—my friend, Mr. Akhil Chandra Datta, has already said a good deal about the speech he made,—but I will only add one or two words and finish with him. I must make it quite clear that I am firm in my belief that the Group which Mr. Boyle represents does not share the views he has expressed in connection with this Resolution. This European Group, in my opinion, is intended to play a very great part in the shaping of India's destiny, and as such they cannot share the opinion which Mr. Boyle has expressed this morning on this matter. Mr. Boyle said that the Atlantic Charter and the Declaration of August, 1940, are quite the same. He went so far as to say that India secured the Atlantic Charter some twelve months before it was announced in the Atlantic Ocean by the British Premier and the President of the United States. Sir, if it is so, why do we find these vacant Benches here? If that is so, why are the Government expanding the Viceroy's Executive Council and constituting Advisory Defence Councils to please the people of this country? Everybody in his own way is trying to do something, and it is idle to say that India got the Atlantic Charter some twelve months before it was announced by the British Premier. Then, Sir, my friend, Mr. Boyle, criticised the word ‘immediate’ in my Resolution. I think some other Members also did so, and so I shall come to the question of the word ‘immediate’ later, and explain why I have put in that particular word.

Then, coming to the remarks made by my friend, Sir Cowasji Jehangir, for whom I have very great respect, I wish, Sir, he, in his lucid and clear voice, had explained to the satisfaction of this House that the Atlantic Charter did not mean independence for India. Everybody in this House remembers how lucidly he explained his amendments only yesterday. If my friend had been as lucid as he was yesterday in connection with his amendments, and if he had attempted to show that the

Atlantic Charter did not apply to India, I am sure he would have rendered a distinct service to the cause of this country. My friend, Sir Cowasji, went further and said that the British had done a lot for this country. Who ignores it? Nobody ignores it. Everybody is in praise for what the British have done for this country. But, Sir, the question has to be considered from different aspects. When the abject poverty of the masses of this country is considered, can anybody have a word of praise to express to the Government on account of the reckless manner in which they have carried on the administration of this country during the past 200 years and more? The whole world is prospering, the masses of the whole world are prospering, except the masses of this country. Who is responsible for it? It is the British Government which is responsible for the poverty of this country. Then again my friend, Sir Cowasji, said, that the question of Independence could not arise in connection with this Atlantic Charter. But, Sir, he knows full well that there are at least two schools of thought,—one thinks that the Atlantic Charter does apply in the case of India as is proved by Mr. Attlee and his followers. So even if one school of thought tries to repudiate the other, the other at least will have a say, and therefore nobody can say categorically that this Charter does or does not apply to India.

Now, Sir, I wish to say a few words about the attitude of Government in this matter. My friend, Mr. Akhil Chandra Datta, has explained that the whole issue has been side-tracked when the Government Member replied. Sir, the Government, and especially the Leader of the House, ought to have given more attention to the spirit of the Resolution and even to the letter of it, and he ought not to have brushed it aside merely making a reference to thought-reading. How is it that sitting here the Honourable the Leader of the House, for whom I have every respect, could say that the two leaders who met in the Atlantic were not thinking of India at all when they took their joint decision? It appears to me, Sir, that whoever crosses over to the other side from this side becomes a thought reader only to the detriment and interest of the country.

Now, Sir, the question is, what is this Resolution? It does not say that the Atlantic Charter as it was pronounced applied in the case of India or not. My Resolution simply says that this Assembly recommends to the Governor General in Council that measures should be taken for the Atlantic Charter or rather the eight points contained in that Charter to be made applicable to India also, and my friend has already explained the significance and importance of the word "also".

Now, Sir, as to the significance of the word 'immediate', I should like to give an explanation. There is no denying the fact that the intelligentsia of this country is at war with the existing Government. Whenever there is war, armistice will have to follow and peace terms will have to be settled. I think this is the time to end this war between the Government and the intelligentsia of this country. I say this war should be ended as quickly as possible. It may be said, this is not the time to think over the settlement of Indian question. Mr. Dumasia said that we shall have to wait till the end of the war, and this was followed by other speakers also. We have got our experience of waiting. Who does not know the sacrifices which India had made at the time of the last war? And when we came forward with our demand for self-government how

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were we met? Lathi charges, bayonet charges and what not. I wish some of my friends over there were here to verify what I have said. I wish Lala Hans Raj were here to testify to what I have said. Be that as it may, we have not forgotten our last distressing experience. We care only for the present, we do not care for the future. We have got experience of the past. "Trust not the future however pleasant." We do not like to trust to the future. If anything has to be done, it has to be done now, and do not attach any importance to whatever is promised in the future. I say, the time has come for the Government and the people to think over this problem and settle the armistice terms and the peace terms so far as this country is concerned. So I used the word "immediately". I am supported in this by some of the well-known British papers in this respect. Let me give a line from the *New Statesman* of the 4th November.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Maulvi Abdur Rasheed Chaudhury: A minute more, Sir, and I shall finish. The *New Statesman* says:

"It is dangerous and unworthy to delay such a course."

That is why I have used the word "immediately" knowingly, and I want the Government to understand the significance of my word and try to find out a solution before it is too late.

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

"That this Assembly recommends to the Governor General in Council that immediate steps be taken to give effect, in the case of India also, to the joint decision of the British Premier and of the President of the United States of America commonly known as the Atlantic Charter for creating a new world order."

The motion was adopted.

RESOLUTION RE RELEASE OF POLITICAL PRISONERS.

The Honourable Mr. M. S. Aney (Leader of the House): Sir, Government would be in a better position to deal with the Resolution* which stands in the name of Mr. Joshi if it is not moved till Monday. Subject to direction from you, the House will sit on Monday, the 17th instant, for the transaction of official business, and we are prepared to allot that day for the discussion of this Resolution. I understand that this arrangement will be acceptable to Mr. Joshi and that he will not move his Resolution today.

*"That this Assembly recommends to the Governor General in Council that he should take steps, in agreement with Provincial Governments, for the immediate and unconditional release of prisoners detained in prisons and for the removal of restrictions imposed on some persons regarding their movements or actions, where the detention or restriction was due to holding or expressing opinions which in the opinion of Government were prejudicial to the conduct of the war, or on charges for actions connected with industrial disputes, whether the detention or restriction was with or without trial under the Defence of India Act, or under the ordinary law."

Mr. N. M. Joshi (Nominated Non-Official): The subject matter of my Resolution is a very urgent one and I should have very much liked the Resolution to be discussed today. However, as I am anxious that the Resolution should not only be discussed but result in some substantial action, I am willing to accept the proposal of the Government. I should like the Leader of the House to tell me on which day the Resolution will be taken up.

The Honourable Mr. M. S. Aney: On Monday next. Sir, I have to request you in that case to declare that on Monday and Tuesday there will be meetings of this House.

Mr. President (The Honourable Sir Abdur Rahim): I understand that the Resolution will be taken up on Monday. The House will sit on Monday and Tuesday next, that is, the 17th and 18th.

RESOLUTION *RE* REPATRIATION OF INDIA'S STERLING DEBT.

Mr. Jamnadas M. Mehta (Bombay Central Division: Non-Muhammadan Rural): I beg to move:

"That this Assembly recommends to the Governor General in Council that in any fresh scheme of the repatriation of India's sterling debt, care should be taken to see that the cost of such repatriation on Indian revenues is not unduly heavy as was the case with the last scheme."

In order to enable the House to see how the scheme on the last occasion was a heavy burden on the Indian revenues, I shall briefly recapitulate what was done on the 8th February, 1941. A few years before the 8th February, 1941, our terminable redeemable sterling debt was about £100 millions, that was about two or three years ago. By the time the repatriation scheme of the 8th February, 1941, came into effect, part of it had been redeemed in the ordinary course, and part of it was redeemed on account of the voluntary vesting order which was issued some time in January, 1940. At the time of the vesting order of 1941 the amount of redeemable sterling debt remaining outstanding was £84 millions, and the scheme of compulsory repatriation relates to this £84 millions.

I have submitted for the consideration of the House that the last scheme was very costly to the Indian taxpayer. I would submit a few facts to show how costly it was. When the Government enters the open market the investor realises who the buyer is going to be and, naturally, sits tight on his holding. It was in this way that between 1940 and 1941 and even prior to that, the market in London knew that the Government of India were acquiring their sterling indebtedness and, naturally, therefore, the investor would not part with it. Each purchase of sterling in the open market raised the price of that scrip until the price became so high that Government themselves felt that it would not be decent to allow it to rise further. We are told that at that time the Government of England came to our rescue. Now, it is clear that it was the Government of England who wanted sterling to be released for their war expenditure and they wanted to acquire the sterling which was not repayable for nearly 8 or 10 or 15 years according to the different dates of the terminable loans. Supposing I am a debtor to America and I have given a Bill which is due one year hence and if my creditor says 'I want the money just now. I am badly in need of money. Please pay it down', then the reasonable market practice is that the creditor will take less for each hundred because he wants cash down, which was not payable to him immediately.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadian Urban): Who was the creditor?

Mr. Jamnadas M. Mehta: The Britisher. Here a topsy-turvy thing has happened. It is the Britisher who wanted sterling for war expenditure before it was due, but instead of taking less than hundred, he took varying degrees of capital increment which came in one case to 112½ or about 112.

Sir Cowasji Jehangir: Five per cent.?

Mr. Jamnadas M. Mehta: 4½ per cent. This was due to the fact that the Government of India were themselves in the market and that thereby they artificially inflated the price of that particular scrip, which has cost this country an amount between eight to nine crores of rupees beyond the face value of the scrip. I may mention here that when this scrip was acquired by us first *i.e.*, when we actually raised these loans we got £89 millions instead of £100 millions. The hundred millions which I described as being outstanding about three years ago had really brought to India £89 millions; £11 millions were paid by way of discount in London, which is supposed to be India's privileged borrowing market. So we lost £11 million pounds when raising these loans and we lost eight to nine crores of rupees when we repatriated. Therefore, in all, these loans have cost us £11 millions for raising and eight crores of rupees for deraising, if I may say so, in a country where, according to Sir George Schuster, India was a privileged borrower and, in the meantime, we have paid an average rate of interest on them at about 4·15 per cent. I am giving approximate figures. I submit that India need not have paid this eight to nine crores for repatriation. Take the case of America. England wants various articles from America. America says 'Pay in dollars'. The British Government is forced to sell all its dollar security. It compels every unit in the British Commonwealth of Nations to contribute its dollar resources to the common pool in order to make payments in America. On the other hand, we in this country are in the same position as the Americans who supply materials to the British Government but we are not paid in rupees. Our goods are not paid for in rupees in this country. The price of these goods, after our own liabilities in England are paid here, year by year accumulate in sterling. That is why at the time of this vesting order a sum of about 218 millions had accumulated unlike America which was paid in dollars. We were not paid in rupees but had to accept payments for our goods in sterling. They are a free country. If the Honourable the Finance Member was the Finance Minister of a free country, he could have easily adopted the policy which the American Government adopted for payments . . .

The Honourable Sir Jeremy Raisman (Finance Member): What about the lease and lend facilities?

Mr. Jamnadas M. Mehta: Lease and lend is only a later thing. Before lease and lend, there was cash and carry and lease and lend is the result of an understanding. I shall come to that presently. I am not standing out for any extremist view of things. I am one of those who wants honestly to help for victory in this war. Therefore, I must not be considered to be less helpful to England than America with its lease and lend policy. I am lending and leasing my whole country. In fact, even my

permission is not taken. Therefore, I must not be presumed to be in any way less sympathetic or less earnest than President Roosevelt and the American people. I do not want to digress even for one moment because the time at my disposal is short and my story is long. I only wanted to show that repatriation cost us eight crores of rupees in addition to the face value. If the Government of India had entered the markets earlier in 1939 or if the vesting order had come earlier, when the prices of the sterling redeemable debt had not risen to indecent heights, the people of India would have paid much less even if they had acquired at par. Could not the Government of India have taken steps to repatriate when the price of some of this scrip had gone down to 82 as against 100 soon after the war began. They could have acquired; if they had the sterling. I do not say that they must acquire without any sterling to pay. I am not suggesting anything of that kind but it was possible to buy them out at the time of panic at 82 in some cases. What I say is that if the British Government wanted to help us, as the Finance Member so generously observed in his last Budget speech, the natural course for him as the national Finance Minister would have been to get a vesting order issued in 1940 and not on the 8th February, 1941. There he did not act in the best interests of this country.

Sir Cowasji Jehangir: What was the sterling available between those two years?

Mr. Jamnadas M. Mehta: I say that the sterling available when he went in the market was more than the debt required to be repatriated and it was growing from month to month. Therefore, it cannot be suggested that the sterling was only available on the 8th February, 1941. It is for him to show that an earlier vesting order would not have done the work it did on the 8th February, 1941.

At any rate, he should not have entered the market so as to let all and sundry know that the Government of India was buying. Particularly, when the British people wanted this money for their war effort, the vesting order should have been issued much earlier. At every stage after the war broke out, at any rate when the price reached parity, they should have issued the vesting order and should have gone on acquiring and acquiring. It does not mean that because you do not have enough sterling on a certain date you should not issue the vesting order that all sterling redeemable debt will be paid for at this rate hereafter. That could have been done easily. But there was nobody to do it on behalf of India. If I were in your place, I would have done so.

I am now coming to the present position. The sterling that has been acquired since then has been even larger than it was on the 8th February, 1941. I find from the statement of the Reserve Bank dated the 8th November, 1941, that the sterling in England is 155 crores of rupees in the Issue Department. The figures so far as the Reserve Bank is concerned, are of the 24th October. On that date, the sterling securities in England were 155 crores of rupees in the Issue Department and 60 crores of rupees in the Banking Department of the Reserve Bank of India, which means that it had on that date 215 crores of sterling in England. Subsequent figures have taken it to be at an unheard of figure of 230 crores of rupees or even more. I must only be taken to speak in approximate terms because of the different dates on which the figures may be taken by

[Mr. Jamnadas M. Mehta.]

me or by you. These are the approximate figures. I shall always be glad to be corrected about the precise figure on any given date by the Finance Member. The position, I may repeat once more, is that we have somewhere about 230 crores of rupees in sterling today in England and we have 321 crores of sterling indebtedness. In other words, we have 321 crores total sterling indebtedness in England and we have got 230 crores of rupees in sterling balances in England. Out of these 321 crores, according to the figures given by the Honourable Member in his last Budget speech, about 258 crores of rupees are sterling loans. The rest are the contribution of India to the last war, which is now slowly coming down, and in the shape of annuities in railways, public funds, etc. Therefore, the question of redemption or repatriation relates only to 258 crores of rupees. We have practically the same amount of rupees in sterling in London. Now, I ask the Finance Member what is he going to do in the next scheme? For 12 months the public in London know that when one scheme of repatriation is over, another will soon be coming. As a friend of mine told me, they are always on *qui vive* when the next loot will be available.

Mr. T. Chapman-Mortimer (Bengal: European): Who is on guard?

Mr. Jamnadas M. Mehta: The London investor. He will not easily part with it. Therefore, I am asking the Government that they should take care that in the next scheme of repatriation they will not allow the interest of India to suffer as on the last occasion.

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

Mr. Jamnadas M. Mehta: Sir, before the House rose for the luncheon interval, I was trying to show the results of the last scheme of repatriation. I showed that in the amount now repatriated we had received only 89 millions or 100 millions, face value, because we did not take advantage of the fall in prices. In 1939, we lost nearly Rs. 12 crores and by the deliberate policy of the Government to open market operations in 1940-41, allowing prices to rise to indecent heights, we lost eight to nine crores.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member will stop now as there is no quorum.

(The bell was rung, and then the required quorum was obtained.)

Mr. Jamnadas M. Mehta: To sum up the results of the last scheme of repatriation of the operations: this country has on the whole lost, if I may

say so, nearly 35 crores of which £11 millions *i.e.*, Rs. 15 crores were lost when this debt was incurred, in the discount that we paid about 12 crores were lost because we did not take advantage of the lower rate in 1939, and eight crores were lost because Government allowed deliberately the prices to rise on account of their entering the market. This is the sum total of the loss, although the direct loss as a result of this repatriation was, as I said in the beginning eight to nine crores of rupees. I am anxious that nothing of that kind should happen so far as the debt that now remains to repatriate. I am not anxious to shed tears over what is called spilt milk, although I would like to sound a warning for the future. It was said that there was no sterling available in the earlier months of the war. It is true only partially. From the figures that I have been able to collect, before the war we had securities and cash balances to the extent of 66 crores in London. In February, 1940, we had in all 127 crores of sterling in London. In July, 1940, we had 148 crores of sterling in London. In February, 1941, we had 203 crores of sterling. Therefore, at no stage, it could be said that we were altogether short of sterling in London, if we had cared to induce the Government of England to issue a vesting order compulsorily acquiring the sterling at anything up to parity. For every rupee that we have paid above the parity, the Government of India are responsible. As I said, it is no use crying over spilt milk. The more important thing is to see what we can do for the future. In this connection, I ask the House to remember that the situation created by the action of the Government in the last two years is continuously influencing the market today. The sins of the last three years are reflected in the position of the sterling scrip which is still outstanding. What was 82 at the beginning of the war is now 99. I have before me quotations from the *Indian Finance Investor*. What do we find? On 2nd September, 1939, the price of $3\frac{1}{2}$ per cent. irredeemable sterling loan was £82; on 1st November, 1941, that price is £99. It has risen by £17 for every nominal value of £100. That is what I call the market being influenced by the full knowledge that 321 crores of sterling debt still remains due to England, out of which according to the budget figures of the current year, 258 crores are loans. What shall we do now? I have got to suggest and that is the whole purpose of this Resolution, that Government will now be careful, that the results of the losses of the last scheme of repatriation shall not be forgotten and that the Honourable the Finance Member will act as my Finance Member responsible only to me with sole regard to the interests of the taxpayer of this country without looking to the right or to the left. How shall we go about that? On account of the situation created by the action of the Government in the last few years by openly entering the market the present rate is an impossible rate. £99 is an impossible rate because the corresponding rupee security even in India today is Rs. 96—sterling being always weak on account of the huge payments that they have to make outside England, it should have been much less. These are all irredeemable. Redeemable debt has been repatriated. But look at actual position. £99 in London against Rs. 96 in India.

Sir Cowasji Jehangir: It has always been so.

Mr. Jamnadas M. Mehta: Will you kindly study the figures and then say "always". It has not been so, because sterling is weak as all debtor countries securities are always weaker.

Sir Cowasji Jehangir: If you would only look at the figures before the war, you will find that very often sterling paper was lower than the corresponding paper in India. Now, it is higher.

Mr. Jamnadas M. Mehta: I think my Honourable friend will reserve his remarks until I have finished my speech.

What I am submitting is that today the Indian paper is at 96 while the sterling is at £99. Why? Because the market there knows fully well, as my Honourable friend, Sir Cowasji Jehangir, does, that the market is expecting that the Government of India will enter it for repatriation. I am not quarrelling over what has happened but I am anxious to suggest for the consideration of the Government of India and the Honourable the Finance Member that in the future scheme the following lines should be followed. The first is that as to the present sterling value of our debt, the market rate being inflated on account of the circumstances of the last three years, a certain period should be taken. In 1939 they were 82, today they are 99. I do not want that we should go back to 82, nor do I think it is at all fair that we should allow 99 to be paid at the present moment because it is the result of the position that was artificially created during the last two years. I, therefore, wish that a reasonable rate should be taken; some mean between 82 and 99 might be taken which should be the mean between the present price and the last minimum price and the repatriation should take place at that rate. The mean would be 90. Therefore, if you want to repatriate the sterling debt which is now irredeemable, the right and the most honourable course to follow would be to strike a mean between the minimum panicky rate when the war broke out and the maximum present rate which is the result of the inflated prices due to the operations of the last two years particularly. Then we shall be able to acquire this $3\frac{1}{2}$ per cent. at a reasonable rate without loss to India and without loss to England. England wants money and the sterling to be released in order that this sterling might be invested by its own nationals in the several war loans which they continuously want. We in India should help and I am prepared to help in this reasonable manner, but it should not be made to appear that this is a boon given to me and I must not be made to pay through the nose when as a matter of fact it is England whose needs for sterling loans are very great.

Babu Bajinath Bajoria (Marwari Association: Indian Commerce): On a point of information, can they force the holders of the scrip to sell their shares at £90 if the market rate is £99?

Mr. Jamnadas M. Mehta: Government under the Defence of India Act or the Defence of the Realm Act did so in the last vesting order.

The Honourable Sir Jeremy Raisman: Sir, may I make that point clear as it is very important? The Government of India have no such power.

Mr. Jamnadas M. Mehta: I say the Government of England should come to our help; that is what I am suggesting. If it is to be a fair and square deal, if you are not to take advantage of a market which is wrongly inflated on account of the policy of the last two years, and if the Government of England who wants money is to be really helped without any detriment to this country, then the fair and reasonable method would be

to take a certain reasonable date when the prices were neither inflated nor deflated for one reason or another. The Government of England should itself bear the rest of the cost if it is necessary to pay to the market. But the fair and reasonable thing for this country would be to take a mean between the minimum and the maximum. That is what I suggest.

Then, there are the railways which are Company-managed. One way in which we can repatriate is, as I say, that those who are the holders of those sterling loans may be offered a rate which is a mean between the minimum and the maximum and with regard to the balance, if any, the loss should be borne by the people of England who want the money. In order to acquire dollar the Britishers have sold their securities at a terrible loss. I have got a quotation,—I cannot lay my hand on it just now,—which shows that in one company the amount of the securities which they were forced to liquidate came to a break-up value, as the economist in England says, because they wanted dollars. I forget the name of the company but I can give it in my reply if the Honourable Member denies it. So there is nothing wrong in it. You sell your securities to America at a forced value, at a break-up value, and here you sell to us at an inflated value. The difference is the result of our subject condition; because we are a subject race you are able to do it and because America is independent you have to agree to their condition. I want that this thing should disappear from the repatriation operations.

The second thing which I was suggesting is the acquisition of railways managed by companies. Just as we have acquired sterling which was due 5, 10 or 15 years hence last year we might acquire the irredeemable which was not due at all in one sense. These agreements might all be terminated by action on the part of the Government of United Kingdom here and now today, and these railways should be acquired by something similar to the vesting order of the 8th February, 1941. The London Boards of these companies are a costly apparatus; they have already had enough of the loot. And if England wants sterling I think they should be acquired by the Railways being purchased outright. Whatever is due to them, we buy them up, abolish the London Boards and the whole railway system in this country would be and should be under Indian management.

Then there is a fairly substantial amount of Port Trust sterling securities in England. The Indian Port Trusts have borrowed monies in England which today is roughly 12 million sterling. They bear 6, 6½, 5 per cent. rate. I say that they also should be compulsorily acquired by a vesting order similar to that of the 8th February, 1941.

There is one more suggestion which I wish to make. Plant and machinery of vital industries in England are today exposed to bombing by the enemies. Part of this plant and machinery is used for manufacturing war requirements of India. They are to take the whole trouble of manufacturing them first, sending them to this country and in the meantime be likely to be lost owing to enemy action. I suggest that those war industries which supply war requisites to India should be transplanted to this country. The owners of these should be paid out of our sterling acquisitions in England. Some delay will take place in transplanting them here but delay is better than destruction. And the delay after all is going to be a very moderate one because once they are transplanted here and the industries begin to work the whole delay of sending the consignments

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by the Cape of Good Hope will be avoided, and the Indian and the Middle East requirements of the war will be available from India by the working of this transplanted plant and machinery. I am sure this use of the sterling balances of this country will enure to the benefit of England and the benefit of India in the expeditious manufacture and transportation of vital war material to the various theatres of war in the Middle East and the Far East. This, therefore, is one of the most important steps which Government might take. Of course this is all a question of arrangement; this is Indo-British co-operation if you wish to do it and if you wish to deal fairly and squarely with both of us. Then we can practically eliminate unnecessary sterling accumulation by transplanting plant of corresponding value to this country and, thereby, doing good both to India and to England and to the expeditious supply of war material. Sir, this will also lead to a rapid industrialization of India. One more thing I would suggest for the consideration of our British friends here. They have got a thousand £ million capital invested in this country—that is the estimated figure—let them share that capital with India. We can give the value of that through the sterling acquisition we have got there. The jute, the tea, various plantations and other industries in which the British have invested according to estimate, £1,000 millions accurate, supposing they give two hundred million of that capital to India, the Reserve Bank will give these two hundred millions in sterling in England and the Indian capitalist and manufacturer will pay to the Reserve Bank the value in rupees. I suggest this to our British friends here that this is one way of helping the war in England, of not inflating balances, of not putting India to loss in repatriation scheme. We do not want to control their industries. We will share. India is willing to buy part of the jute industries in which our European friends have invested capital.

An Honourable Member: What is the position in America?

Mr. Jamnadas M. Mehta: I am coming to that. Then the Government in England might do us one more favour. Today India is the only country which is compelled to keep these huge balances in sterling in England. I do not think either Australia or Canada or New Zealand or any of the Dominions are obliged to keep huge balances in sterling. All of us should share. Australia should share, New Zealand should share, Canada should share and let us all keep part of our balances in sterling and let not India be the predominant factor in them. And let Canada release dollars in exchange for our sterling in England so that we may buy from Canada such plant and machinery as are available there for our industrialization.

The next thing is that in America we have today a balance of trade in our favour. I think, two years before we had a balance of trade of nine crores. If that is to be the average that balance would now have come to something like 27 crores. I shall take it to be twenty crores. That at least is our balance. But this balance is taken to a pool in the dollar sterling exchange and India is compulsorily made to part with these dollars. I say that also could be avoided by not following the present method. and, in stead, after our balance of trade between America and India is satisfied whatever dollar resources remain should be allowed to be used for purchasing such plant and machinery in America as will be useful to the industrialization of this country to the helping of the war and to a long-sighted scheme for the purpose of mutual welfare.

I do not know what is the position about gold. Before the war, between 1931 and 1939, something like 300 crores of gold was exported from India. Even now 36 crores of gold has gone after the war. The exact figures I do not remember just now but ultimately that gold which India sells is obtained by her in the form of sterling balances which go to inflate again the sterling balances in England. I say this gold should not be allowed to go out of India but should be purchased by us here and, according to the Hilton-Young Commission, if we do so, our currency position will be considerably strengthened.

An Honourable Member: Honourable Member's time is up.

Sir Cowasji Jehangir: He has only been speaking for ten minutes.

Mr. Jamnadas M. Mehta: Sir, I do not wish to speak for very long. I will take another four or five minutes.

Mr. Deputy President (Mr. Akhil Chandra Datta): This need not be discussed. That is a matter between the Chair and the Honourable Member.

Mr. Jamnadas M. Mehta: Sir, I shall only occupy the time of the House for five minutes more.

The Honourable Sir Jeremy Raisman: Sir, I must point out that it would be quite impossible for anybody else to cover the ground which the Honourable Member is covering within the limits of the usual 15 minutes. He has been talking to my knowledge now for 45 minutes.

Mr. Deputy President (Mr. Akhil Chandra Datta): He has got 30 minutes, not 15.

Mr. Jamnadas M. Mehta: Sir, I shall not tire you out. I will finish soon. Some of the suggestions that I have made are of immediate application. Others might require consideration. I will, therefore, beg the Finance Member to appoint a small committee of this House which may go into all the suggestions that I have made so that the burden of the next repatriation may not be unduly heavy, the war effort of the British and the Indian Government may be helped, India may not be trapped again into paying nine crores more, England may be helped by a wise use of our sterling balances. No amount of speechifying in this House will be able to explore the final and real remedy for these huge sterling accumulations apart from the repatriation of sterling debt. I would, therefore, request the Honourable the Finance Member finally to consider my request that before he goes in for sterling repatriation he should first of all consider the bad effects of the post and should take a mean year between 82 and 99. I will give complete co-operation if the repatriation is at the mean rate. About Railways, it can be done immediately. About the transplantation of British machinery it will take a few months. After that munitions and war requirements will proceed at a pace which will be so helpful. As regards the rest of the suggestions—acquisition of British investments in this country, American dollars, Canadian dollars, gold purchase, and any other things—they might be considered in a Committee which the Honourable Member should set up for the benefit of

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this country and for the benefit of England. This is any submission to the House and I hope that the House will accept my suggestions.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Resolution moved :

“That this Assembly recommends to the Governor General in Council that in any fresh scheme of the repatriation of India's sterling debt, care should be taken to see that the cost of such repatriation on Indian revenues is not unduly heavy as was the case with the last scheme.”

The Honourable Sir Jeremy Raisman : Sir, I am intervening at a somewhat early stage in this debate because I feel that my Honourable Friend, Mr. Jamnadas Mehta, has considerably misdirected this House, that he has made really wild statements which ought to be corrected before the discussions go any further. I ought to say now that I would have no objection whatever to this Resolution but for the last few words. The sting is in the tail. I am definitely not prepared to admit that the repatriation scheme which was carried out in the course of this year was done at an unduly heavy cost to India. Now, Sir, this is a highly technical subject and I will endeavour to try and reduce the picture to simple outline so as to enable the House to appreciate the points at issue. My Honourable friend, Mr. Jamnadas Mehta, has made an account of the loss incurred which, I think, came to 35 crores. Of this, I think, eleven millions was discount.

Mr. Jamnadas M. Mehta : And another 20 crores for the rest.

The Honourable Sir Jeremy Raisman : Eleven millions was discount and the remaining 20 crores was due to not purchasing these

3 P.M. stocks at the lowest point of the market; and the remainder was due to our own open market operations. I would like the House to take first this point of discount, because although it is only one feature of the matter, it indicates how entirely wrong is Mr. Jamnadas Mehta's presentation of the case. When Government wish to float a loan, they may either float a loan at par, that is, at 100 rupees for each 100 rupees of stock; or they may float a loan at a discount, that is to say, at say Rs. 96 for each 100 rupees of stock; or in very rare cases a loan may even be floated at a premium, that is, at 101 or 102 rupees for each 100 rupees. Now, you can equate a loan floated at par with a loan floated at a discount. Supposing I consider that I ought to be able to get my money at, say, 3½ per cent. and that the loan will be for 16 years, I can issue the loan at par at 3½ per cent. for 16 years; or, if I think that it may be more attractive to the market I may issue the loan at three per cent. and at 96. In the course of those 16 years the bond holder will get four rupees of capital appreciation which works out to about one-quarter of a rupee a year; so that roughly speaking, these loans are comparable. You can issue the loan at 3½ per cent. for 100 rupees, or at three per cent. for 96 rupees. There are certain advantages; the market sometimes prefers a certain element of capital appreciation and will accept a slightly lower rate of interest. Now, my friend, Mr. Jamnadas Mehta, immediately writes off that four rupees as a loss. If you float a loan at 96 instead of 100, that you are throwing four rupees down the drain, that is a dead loss. That is a most ridiculous way of presenting what is a common feature of the issue of public loans; and it is typical of Mr. Jamnadas Mehta's account of our transactions

that he should use that argument to show that we carried out those transactions at a loss. Take the case of that loan again. Suppose you issue a loan at 96 at 3 per cent. for 16 years. In the course of time the market price of that loan, as the date of maturity draws near, will approximate to 100; on the day of maturity it will be exactly 100—no more and no less. But in the meantime it may happen that the credit of the Government improves; it may happen that the Government in the meantime is able to raise loans at $2\frac{1}{4}$ per cent. or $2\frac{1}{2}$ per cent. Now, the effect of the issue of such loans will be to put up the market price of this loan which was issued at 96. It may put it up considerably over Rs. 100 during the pendency of the loan. Now, my Honourable friend, Mr. Jamnadas Mehta, thinks, that this is loot, it is profiteering. The bond holder who having been issued with a 100 rupees of stock at 96 is now selling it in the market at, say, 103, is a disgraceful profiteer: he is acting in an entirely immoral way and something should be done to him; he should be deprived of his loan at some figure considerably less than that. Mark you, this is the man who voluntarily lends you his money and who, you hope, will lend you his money again—this is how Mr. Jamnadas Mehta would treat him. He thinks that it is a small matter to weigh into the market at any time: having performed solemn contracts with the lenders of money, having undertaken most solemnly that you will pay your investor three per cent. per annum for 16 years and will at the end of that period, and no sooner repay him, he thinks that you can at any time in the interval lightly say, "I do not like you. You are selling this bond now; you are trying to get 103 or 105 for it; you had better give it back to me for 95". That it seems to me is Mr. Jamnadas Mehta's position. He seems to think that there is no solemnity whatever in contracts of this kind, and that Government can act purely in their own interests and pick up their own bonds, their own stocks at any price they like, whenever it suits them. That is the position if we were dealing with bond holders in our own country. But now, how do we stand in relation to these securities?

These are loans which were made to us by investors in another country, in London. They are not entirely held by British bond holders. I must remind the House that a very considerable portion of these investors are Indians and that a considerable number of important Indian institutions held investments in these securities, and that many of these institutions represent small Indians—clerks and so on—who had taken out policies in insurance companies—they were not all bloated capitalists from the City of London. There was quite a considerable Indian interest in those securities.

Now, although the securities were held in London to a considerable extent, you have to distinguish between the bond-holder and the Government. It is not the case that these investments were held by His Majesty's Government; they were held by private individuals in London. Therefore, the question of the relation between His Majesty's Government and the bondholder there also comes into the picture.

Now, it is true that under the Defence of the Realm Act or whatever it is called at present, under the Regulations made, His Majesty's Government had taken power, very wide powers, among other things to requisition the holding of securities; and, therefore, His Majesty's Government had the power to requisition these stocks. But that does not mean to say that

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at any moment, merely because we would like them to, they were prepared to exercise those powers. There must be a reason for it, and moreover, I would point out that the exercise of those extraordinary powers by His Majesty's Government had to be justified by some interest of the United Kingdom. It had to be justified in the interests of say, the prosecution of the war, or for the better financing of the war; it had to be relatable not merely to India's convenience but to some larger interests. I have indicated some of the factors in the problem.

Well, now we come again to the Indian end of the business. Before we could open this subject with His Majesty's Government, we had to be in possession of the necessary sterling. It is all very well for Mr. Jamnadas Mehta to say we had a hundred crores on such a date and a 120 crores on such a date. Mr. Jamnadas Mehta knows as well as I do that it is part of the central banking structure of this country that there shall be a certain proportion maintained of external assets, and that we could not merely do with that sterling just whatever we liked to do. A considerable amount of that sterling is, so to speak, earmarked for maintaining the stability of the currency of India. It is no more available for these purposes than, shall I say, the gold in the Issue Department of the Reserve Bank. So you had to reach the point at which the sterling which had accrued from your supplies to Great Britain was of a magnitude, in addition to your central banking requirements, which would enable you to discuss a very large transaction of this kind as a practical proposition. I think as soon as the House realises that, they will see that a quotation of the 2nd September, 1939, is entirely irrelevant, because if the question had been mooted at that stage,—and I notice Mr. Jamnadas Mehta picks out a date when the bottom had suddenly fallen out of the market,—he does not forego an advantage like that,—but on the 2nd September it was quite out of the question for the Government of India to talk about repatriating sterling debt because they had not got the sterling. You cannot buy, however much you may like, a motor car unless you have the money. The price of the article on the date when you have not got the money is entirely irrelevant, and to tell a man that he lost money because he did not buy a thing on a date when he was quite incapable of buying it, is, to my mind, little short of nonsense

Mr. Jamnadas M. Mehta: 66 crores we have had.

The Honourable Sir Jeremy Raisman: Then again, Sir, this was a large and important transaction. It was, I think I said in my budget speech, quite the biggest transaction of its kind that has ever been undertaken in the history of India, and you could not expect even at the stage at which you possessed or anticipated that you would soon possess the sterling reserve to put through these dealings, you could not send a telegram to London and get a reply in the evening that it was all fixed up, and that His Majesty's Government were prepared to do it the next morning. After all, it was a matter which had to be under discussion for some considerable time.

There is one more factor which I should bring to the notice of the House. Before we could ask His Majesty's Government to use their extraordinary powers to requisition, we had to show that we had tried to help ourselves, that we had tried to obtain, at any rate, a considerable portion of these

securities in the ordinary way. After all, if we possessed sterling, and if the sterling securities were there in the market, it would be natural for His Majesty's Government to say,—'Well, go ahead and buy them, why not buy them, why worry us?' We had to pursue the policy of open market purchase until we reached the point at which the remaining stocks were so firmly held that it was justifiable to say that we could not get anything much more without the use of some extraordinary powers. Now, Mr. Jamnadas Mehta thinks that that procedure was highly reprehensible, but I think on the other hand that it was a perfectly natural procedure. It was the natural procedure that we were bound to follow. ♦ As sterling came into our hands, we proceeded as far as possible to purchase these securities. When we saw that they had reached a price at which it was undesirable that we should appear any more in the market, we ceased to purchase; from that date forward we endeavoured to get His Majesty's Government to use their good offices on our behalf instead. But it would have been quite impossible,—after all we picked up in the ordinary way, by ordinary purchases we acquired something of the order of about twenty four million pounds of stock. Well, it would be quite impossible to say that at the beginning and before we had done that we could ask His Majesty's Government immediately to freeze the whole of those stocks and requisition them and hand them over to us.

Now, Sir, the question really is this. From the date on which the sterling was available in our hands to undertake this transaction until the time when the transaction was actually put through, what price increases took place and how much did we really lose. I am prepared to admit that if the whole thing had been in our power, then on some earlier date, from the moment we decided that we wanted to do this we could immediately issue a requisition order; if this was a matter within our discretion, we would have saved something. But there was a stage during which we were discussing the matter with His Majesty's Government,—in other words, trying to persuade them to do this on our behalf. Well, Sir, I have before me the prices of these stocks as they stood, well, in August, 1939, in February, 1940, in December, 1940, and again in February, 1941 when the vesting order was issued, and it is surprising how small was the movement of prices between February, 1940,—as a matter of fact we were not ready in February, 1940,—even supposing we had been able to do it,—then the movement of prices between February, 1940 and a year later is extraordinarily small. I will give a few quotations. $4\frac{1}{2}$ per cent., 1950-55 stood in February, 1940 at £110 $\frac{1}{2}$. We actually acquired that at £110/2sh. which is a little lower in that case. 4 per cent., 1948-53 stood in February, 1940 at £105 $\frac{1}{2}$; we actually acquired that at a little over £160/11sh. about $\frac{3}{4}$ of a point above the price the year before. Here is one stock which moved rather more

Sir Cowasji Jehangir: Have you got the rates for $3\frac{1}{2}$ per cent. redeemable for some years?

The Honourable Sir Jeremy Raisman: I am dealing with the transaction which we carried out.

$4\frac{1}{2}$ per cent. 1958-68 stood at £111 in February, 1940. It stood in February, 1941, at £112 $\frac{1}{2}$, and we had actually to acquire it at £112 $\frac{1}{2}$. There the price went up a little over a point. $3\frac{1}{2}$ per cent. 1954-59 also

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went up by more than a point. It stood in February, 1940 at £101, and we acquired it at £11 × 102.16, which is nearly two points above the price.

Well, Sir, these upward movements that took place in prices, although they did have the effect of costing us something, they were not abnormal, they were nothing extraordinary, and even if we had had the power ourselves, which we had not, to put these transactions through, the moment we wished to do so, we would not have saved a great deal. I submit also that in relation to the magnitude of this transaction the amounts involved are not large. After all, if you made up your mind to repatriate something of the order of eighty million pounds of sterling debt, then the question whether you pay another one or two million pounds, if you really want to get the thing put through, is not of vital importance. And here I must join issue with my friend, Mr. Jamnadas Mehta, who makes this extraordinary statement that the creditor should always be prepared to take less for cash payment. Now, that is a most misleading statement. Here you have bondholders who are holding investments on which the yield is considerably higher even at the present market price, considerably higher than the yield of securities issued at the present day. Now, they wish naturally to hold on to these investments till maturity because even the yield to redemption as it is called is more favourable than the yield of new investments. Mr. Jamnadas Mehta says, "If you go to these people and say, 'I am prepared to pay you off today,' they should be prepared to let you have your bond back at less than its market price".

Mr. Jamnadas M. Mehta: No. I said to the contrary. I said, "You want money, you want money for your war finance. You want us to pay you ten years earlier, and, therefore, you have to accept the discount. Not that I want to take".

The Honourable Sir Jeremy Raisman: My Honourable friend is not right. It is I who want to pay him ten years earlier; he does not come to me. My Honourable friend is entirely beside the point.

Mr. Jamnadas M. Mehta: Not at all.

The Honourable Sir Jeremy Raisman: The bondholder, I must remind my friend, was to a considerable extent an Indian institution.

Mr. Jamnadas M. Mehta: Don't bother me about India, because I know its well-being.

The Honourable Sir Jeremy Raisman: The bondholder under a solemn contract was entitled to hold these investments until a certain date, the date of maturity, and Mr. Jamnadas Mehta thinks that for cash payment he should have handed it over at less than the market price.

Mr. Jamnadas Mehta spoke about the position of the United States of America, and he instanced certain transactions of which we have all heard between Britain and America. The position is entirely different. India is a debtor country, India owes money to Britain. It is natural if India in the course of the present war acquires sterling that she should desire to utilise that sterling by liquidating part of her external debt. But the

position with America is entirely different. America is no longer a debtor country, she might have been before the last war; she is very largely a creditor country now. Therefore, you have an entirely different position. If Britain wishes to liquidate her investments in America, she is in a very different position than if we wish to repatriate investments held in England.

Mr. Jamnadas Mehta talked about our being paid in rupees instead of sterling. Of course, it is quite impossible for His Majesty's Government to pay us in rupees. The alternative to our being paid in sterling would be for us to be paid in goods, and the difficulties of increasing our imports from Britain at the present moment are well known to Mr. Mehta. It is true that where it is possible, it would be greatly to the advantage of India if machinery and plant could be imported and thus our favourable balance of trade with Britain could be reduced in that way. But it is by no means an easy matter. One thing we cannot ask Britain to do and that is, to pay us in rupees, because those rupees could only be earned by a favourable balance of trade on her side, which is not the case. At the moment the balance of trade is very strongly in favour of India, and that is why we are accumulating sterling balances.

Mr. Jamnadas Mehta said that if we were a free country we would have done something different about these sterling balances. I entirely disagree with him. I claim that this transaction was carried out in a manner which is just as much in India's interest as if India had been entirely disconnected from the British Commonwealth of Nations. It was a perfectly ordinary straightforward transaction which redounded to the great advantage of India, and His Majesty's Government exercised their powers in a manner which was highly favourable to India. While on that point, I would like to draw the attention of Mr. Jamnadas Mehta to this. He made some highly immoderate remarks about investors in England waiting for loot and so on. I would like to point out that the criticism of this repatriation transaction in India has been less than one-fiftieth of the criticism which took place in Britain. I have before me a selection of the comments, which are interesting to read, at the time when the transaction took place. I can assure the Honourable Member that they are all very highly critical of the action of His Majesty's Government in exercising their powers at that time to deprive the British bondholder of a valuable investment which he expected to be able to hold until the date of maturity. They questioned the necessity for it, or the advantage from the point of view of war finance to Britain, and why the said powers should have been exercised.

An Honourable Member: Can we have a few of them?

The Honourable Sir Jeremy Raisman: Well, I just take the headline from the *News Chronicle*:

"The Stock Exchange did not much like the call-up of the Indian 'dated' loans. It was, in fact, inclined to call it 'sharp practice'."

The argument is that as these loans are all furnished with dates of optional and final repayment, it is a breach of the bond for the Indian Government, in connivance with the British Government, to pay them off before the first optional date."

Sir F. E. James (Madras: European): That is from the "*News Chronicle*"?

The Honourable Sir Jeremy Raisman: Yes.

Sir F. E. James: That is a very liberal paper.

The Honourable Sir Jeremy Raisman: Yes. I am not quoting from the financial 'sharks'. That is an ordinary comment from the column of an ordinary paper

Sir F. E. James: Honest liberal opinion!

The Honourable Sir Jeremy Raisman: The *Investors' Chronicle* has an article with the heading "Indian Rope Trick", and very acid comments. I have got here quite a number of these comments which I should be able to show to my Honourable friend. But I may say that even moderate papers—the *London Economist* holds a position which is equalled by no other financial paper, and it is a paper which does not take a narrow view. Nevertheless, it had some sub-acid comments on the transaction. Here is one paper called *Investor*. It says:

"It is generally recognised that failure to redeem a Government or municipal loan at the latest possible date constitutes default, and when high interest bearing issues are concerned, a proposal to effect redemption before the earliest date can also be regarded as a breach of contract."

At the bottom it says this, and it shows that they thought that the Government of India had been given unusual favourable treatment by His Majesty's Government.

"It is to be regretted that the British Treasury has felt compelled to exercise one part of the wide powers obtained in consequence of the war, especially as any strengthening effect of the operation upon the gilt-edged market might be purely temporary. Further, if it is assumed that the Indian Government has about £90,000,000 available on this side for debt redemption, a much larger nominal amount could have been repaid if the "undated" 3½ per cent. loan, which is redeemable at the option of the Government, had been selected, for the outstanding amount of this £87,000,000, and the stock is quoted at well below par."

Sir F. E. James: Will my Honourable friend say whether he has got the opinion of the Financial Editor of the *Daily Herald*?

The Honourable Sir Jeremy Raisman: I do not think so. Unfortunately, I have had to take out these cuttings at short notice and I have not been able to work through them. One of these papers pointed out, for instance, that the Southampton Corporation has got six per cent. loan outstanding. Why should not Government requisition those and enable them to determine these high interest yielding obligations before maturity.

An Honourable Member: They stood at a premium.

The Honourable Sir Jeremy Raisman: They stood at a premium but nevertheless it is possible that such bodies would have been glad to buy up those securities.

I will not deal with Mr. Jamnadas Mehta's suggestions for the future. I can assure him that this is quite the most important problem relating to Indian finance during the war. It is a matter which has our constant, our daily attention. I cannot attempt to indicate our policy or the precise measures which we have in mind but I will say this. I am perfectly prepared to accept Mr. Jamnadas Mehta's Resolution as it stands if he will

remove the words at the end. If he can remove those words, then I entirely agree that this House should recommend that in any fresh scheme and so on care should be taken to see that the cost is not unduly heavy but if he insists upon having that sting in the tail, then, obviously on behalf of Government I am bound to oppose his Resolution.

Babu Baijnath Bajoria: The word 'unduly' should also be deleted.

Mr. Deputy President (Mr. Akhil Chandra Datta): Does Mr. Jamnadas Mehta want to say anything about the suggestion which has been made by the Finance Member?

Mr. Jamnadas M. Mehta: Not at this stage, Sir.

Mr. Husenbhai Abdullabhai Laljee (Bombay Central Division: Muhammadan Rural): After the speech of the Honourable Member, I must admit that I find some little difficulty in entirely supporting the Resolution. (Laughter.) Please do not laugh. He laughs best who laughs last. I do find some difficulty in supporting the Resolution of my friend, Mr. Jamnadas Mehta, in its entirety. Sir, the Honourable the Finance Member has given us figures which clearly show to me at least that the losses which my friend, Mr. Jamnadas Mehta, puts down on account of rates and the discounts cannot be justified. The figures that he has given us of the different periods and the rates that were ruling in 1939 August, in February 1940 and in February, 1941, all the different transactions that took place clearly show that a lot of care has been taken. Sir, those who have dealt with securities, and here I would ask my friend, Sir Cowasji Jehangir, to bear me out, know this. In these times the little difference that one finds prevailing in February, 1940 and February, 1941 is quite natural and must exist even in ordinary times. Sir, we also should consider the position of the financial markets as a consequence of the war. The conditions prevailing in 1940, the conditions prevailing in 1941, the conditions prevailing in Europe, the panic existing here and there, the hopes raised here and there must all make for far more changes than these changes.

Then, Sir, we should not also forget that the ruling rate in India has been such that, so far as the securities that have been purchased bear out, we have not paid more. In fact, I am prepared to admit that consistently with the prevailing rates in India the prices that have paid may be a little less than what they existed in India, comparing to the returns that our loan carried with it. But, Sir, one thing with which I do not agree with the Honourable the Finance Member is when he says that the Government could not do anything and that the British Government also could not force the people to sell their securities as if this Government or even the British Government could force those in England who were holding our sterling loans. I say, Sir, that this Government is not at all so powerful, has never been so powerful as to use any influence on the public in Great Britain and even so far as the British Government is concerned, she cannot under the constitution under which it is working, force something against the wish of the people.

Now, Sir, Mr. Jamnadas Mehta has spoken as if the people and the Government in Great Britain were, so far as India is concerned, one and he wants us to take it, and naturally my European friends here would also

[Mr. Husenbhai Abdullabhai Laljee.]

like us to take it, that every moneyholder in England is prepared to make all sacrifices without any compulsion from Government to do so. It is never the fact. Wherever you go, the great capitalists or those whom we might call the stockholders are always eager not to part with it unless forced to do so and I ask my friend, Mr. Jamnadas Mehta, a simple question, whether it is possible for even the British Government to force its stockholders in the interests of India to sell those sterling securities at a cheaper rate than the market rate. Yes, they can force them to do so when they want money to be sent to America, because they are dependent upon America's goodwill to supply the war goods. There was a market to which they had to look to and, surely, the Government will say "it is in your interest that we forced you to sell your stocks, to hand over your stocks, for the welfare of your people and your country". It is not possible for this Government to tell the British stockholders "you sell your stocks at a little cheaper rate, because India demands it, because India has got sterling loans here." Therefore, my friends, as I have told them, I really think that it is in the interests of their own country and that they must willingly come forward to sell their stocks to this country because their other stocks are being sold at a much cheaper rate in America. It may be that we can ask our Government to ask the British Government to use their good offices. Otherwise, as long as the people in Great Britain are sure that they can have a fair rate from this country, I am sure neither this Government nor the British Government can force them. Under those circumstances, the prices that we have paid for the stock are, in my humble opinion, quite fair. As to those who come forward and say that we do not sacrifice let me tell them there are people also in England who are stockholders and who are also stockholders here and who represent a large number of insurance companies that they are not prepared to sacrifice voluntarily unless and until they are forced to do so.

My friend, the Finance Member, only yesterday said that I was speaking sometimes for the masses when I referred only to the shareholders of a few limited concerns. Today he has been telling us about the insurance companies and the poor policyholders, whose number is much more than that of the income-tax payers. However, I am glad that he does agree with me that we have got to look to the interests of the masses or a large number of people, better and carefully.

Now, there is one thing that I must ask the Government to consider very seriously and it is this. We have got balances in America and we badly need some industrial things for our country. It will really be in the interests both of this country and of Great Britain if we could get some machinery from America. I do not know why but even now there is the fear that this country should not industrialise in every way. I say 'in every way' because it has been our painful experience that the interests of India are often undermined and the interests of some other countries are given preference. There have been many such instances. I need not mention all of them. But the most important is the case of the sugar industry. We are not allowed to export sugar not in the interests of India nor in the interests of Great Britain but for the sake of some other people. In that way, they are really handicapping the Indian industries. It was on account of that policy that India has not been able to meet the requirements of the war. Had that policy not been adopted, I can assure you

that this country would have been in such a position that today Great Britain would not have gone on begging and begging everyday from America and conceding this and that to that country. However, that is the position now. In all fairness, when we have got some money in America, which is probably not of much use in Great Britain, because every day they are having air raids, the Finance Member can plead in the interests of India that some of this money lying in America may be returned in kind, that is to say, in the shape of machinery. I am sure it will help us a great deal, and it is the duty of our Government to do so.

As regards the fact that our balances are increasing in England, we have got to be considered seriously that so far as that country is concerned, we are linked with them and they are in a better position to know the condition of the war and of the state in which they are. I appeal to them that if they do think that there is still going to be more danger there, then some of their plants or some of their machinery or some of their tools which could be used here may be sent to this country. My Honourable friend, the Finance Member, quoted some remarks from the newspapers and Sir Frederick James wanted some cuttings to be read. May I ask the Honourable the Finance Member what sort of remarks does he get from the Indian papers when he introduces income-tax Bills and other Bills of that nature? Does he ever quote them? After all, we businessmen know very well how to get these things in the newspapers, we have learnt this from Europe.

The Honourable Sir Jeremy Raisman: I do not pretend that the income-tax payer likes an increase of income-tax. What I was saying was that the investor in London did not like this either.

Mr. Husenbhai Abdullabhai Laljee: It is true that the investor did not like it nor does he like it even now. But I tell you honestly that the investors in Great Britain in the present state of war and in the present condition of their country like India's securities more than their own and they are not willing to part with them. That is why I did not agree with my friend, Mr. Jamnadas Mehta, when he said that the Finance Member has not made a good bargain. I say that he has done a fairly good bargain and at present rightly too. But I do hope and trust that he will try to carry out our wishes inasmuch as our balances are increasing to get back some of the money in kind so that it may be useful both to us and to Great Britain and to the war generally.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, for a long time past we have been urging on the Government the desirability of repatriating the foreign debt of India. But the Government paid no heed to this demand and before the commencement of the war very little of India's foreign debt had been repatriated. The war, however, changed the situation and during the last two years a considerable amount of the foreign debt of India has been repatriated. Now, the question is: In whose interests has the scheme of repatriation been undertaken by the Government of India? Last year, in the course of my Budget speech, I said that this was done mainly in the interests of Britain, although I admitted that India derived an incidental benefit from this policy. The Honourable the Finance Member replied that the reverse was the case. I then said, "Let us agree to differ on this point."

[Dr. P. N. Banerjea.]

Now, Sir, I come to the cost of repatriation. Has this cost of repatriation been unduly favourable to India? From the newspaper cuttings from which quotations were made by the Honourable the Finance Member, it would appear that India gained a great deal, whereas the view which prevails in this country is that India has lost a substantial amount. The Honourable the Finance Member himself admits that this repatriation has cost something to India, but the amount of the cost has not been abnormal. Now, Sir, the difference between us and him is one of degree and not of kind.

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

In discussing this speech of my Honourable friend, Mr. Jamnadas Mehta, the Honourable the Finance Member said that it was Mr. Jamnadas Mehta's policy or demand to break the solemnity of the contract. So far as I gather from his speech, I do not think that was what he wanted. He made certain calculations with regard to the prevailing rates and he came to the conclusion that India had lost several crores in the course of these transactions. I am not sure whether his figures were all correct nor am I sure whether his estimate of the possible loss was quite accurate. But the fact cannot be ignored that India's entry into the London market in an open and advertised manner did help to push up the prices of securities.

The Honourable Sir Jeremy Raisman: I do not know what my Honourable friend means by 'advertised'. When stocks were bought up on behalf of the Government of India, there was no advertisement.

Dr. P. N. Banerjea: It was not perhaps advertised in the newspapers, but it was known throughout London that the Government of India were going to take that step.

The Honourable Sir Jeremy Raisman: If he is referring to our open market operations, at that stage it was certainly not known. In fact, it is universally admitted that the thing came as a bombshell to the London market. Our open market operations might have been inferred, but the intention to repatriate came as a complete surprise.

Mr. Jamnadas M. Mehta: From January, 1940, it was known.

Dr. P. N. Banerjea: Open market operations, were not known; is that correct? If the Government had carried out this policy of repatriation in a slow and gradual manner, then the situation would have been different. Then the prices of the securities would not have gone up. Sir, with regard to the balances, my Honourable friend, Mr. Jamnadas Mehta, suggested that these need not be kept in such large amounts in London. He did not want all the balances to be frittered away or to be utilised for buying machinery, etc., for India. The Honourable the Finance Member in his reply implied that that was what Mr. Jamnadas Mehta wanted. It is known that the balances are held in London in order to maintain the banking and currency system in this country. That is true, but the question is. Is there any necessity for such a large balance being held in London? That gives a somewhat political colouring to the whole

question. Because India is a subject country, therefore such huge balances are kept in London. That is the view held by many eminent economists.

Now, Sir, to cut the matter short, there is a difference between the two sides of the House, and it is only one of degree. The Honourable the Finance Member is prepared to accept this Resolution, if only the last few words are omitted, namely, "as was the case with the last scheme". What has been done cannot be undone. But we must profit by the lessons of the past. That is what my Honourable friend, Mr. Jammadas Mehta, wanted. Our real concern is as regards the future. As the Honourable the Finance Member agrees that care should be taken to see that the cost of such repatriation on Indian revenues is not unduly heavy in future, the difference between us has been considerably narrowed down. There is no indication from him as to how he is going to give effect to this desire on our part. My Honourable friend, Mr. Jammadas Mehta, suggested that a small committee be formed which should be consulted from time to time in regard to repatriation of foreign debt of India in future. Is he prepared to accept that proposal? If he agrees to accept this proposal, then all wrangling with regard to prices would be at an end, and a better price will be secured for this country in future.

Mr. T. Chapman-Mortimer: Mr. President, the Honourable the Finance Member in his reply to Mr. Jammadas Mehta framed, in terms so trenchant and so complete, an answer to the charges made by the Honourable the Mover of this Resolution that he has really left the rest of us very little to say. He has shown in fact very clearly how utterly without foundation are the charges made by the Honourable the Mover of this motion, and how utterly without foundation is the correctness of that last phrase which my Honourable friend has been asked to delete.

Now, Sir, I have only a very few comments to make, because, as I have said, the Honourable the Finance Member has already
 4 P.M. very fully explained to the House the complicated and technical nature of these operations. And he has shown beyond any shadow of doubt that far from being done in the interests of England and not in the interests of India, these operations were far more in the interests of India than they were in the interests of bond-holders in the United Kingdom. For one thing they have led to a reduction of some three million pounds in the annual amount required for the service of the sterling debt. And, in this connection, I cannot but reflect on all that we have heard in these last 20 years about this "drain" to which India is supposed to be subject when she honours her sterling obligations. I am really astonished that the Honourable the Mover of the Resolution should have taken the line that he has. Indeed I am astonished that he should even have moved this Resolution at all; because it is so patently in India's interests that her external debt should be reduced and the service of that debt reduced.

That is all I want to say on that point but I should like to say one or two words about the remarks that fell from my Honourable friend, Dr. Banerjea. He seemed to think that sterling balances are held in London because India is a subject people. If I understood him correctly that is what he said. I simply cannot understand that a man of his

[Mr. T. Chapman-Mortimer.]

learning and position and his experience as a practical economist should have given utterance to such a statement, which really is a most amazing statement. That balance has accumulated in London because the United Kingdom is buying so much from India that if she were to pay it,—and she can only pay it by transferring money from London to India,—the exchange could not possibly be held at s. 1/6. In the last war and afterwards the exchange at one time went up to s. 2/10. I cannot imagine, having regard to the cry about exchange being s. 1/4, that any Honourable Member of this House can seriously think that, as an alternative to doing what the Honourable the Finance Member, has done in co-operation with His Majesty's Government, he should have allowed things to take their natural course; allowed that money to come out here and so cause exchange to fly about in a most erratic manner. Therefore, I was most astonished to hear him give utterance to such a statement.

Then, Sir, there must be considerable confusion in the minds of some Honourable Members as to the difference in treatment, or alleged difference in treatment, between payments to the United States and payments to India. There is no difference in treatment. If you have to pay money to a certain country, you have to get that money to that country; in other words, if you have to make a payment in the United States you have to buy dollars, and so it is in India. If you are in London and have to make a payment in India you have to buy rupees. The principle is entirely the same. I speak subject to what the Honourable the Finance Member has to say on the subject but I am perfectly certain that he would agree that that is a fact, and I am sure also that my Honourable friend, Dr. Banerjea, will agree that that is the theory of exchange. If you want to make a payment in a foreign country you have got to buy the currency of that country. That is the whole difficulty in this case and it has been got round in a way in which India has reaped an enormous benefit. Bondholders in London have suffered to the extent that they were compelled to sell when they did not want to sell, and we have heard . . .

Dr. P. N. Banerjea: May I ask a question? In whose interests were they compelled to sell?

Mr. T. Chapman-Mortimer: They were compelled to sell on a market in which, when they got the cash from Government, they had then to re-invest their money at a lower rate of interest. Obviously then it was not in their interest to sell. It was, however, in India's interest, because by repatriating this debt she was able to save, as I have said, something like three million pounds a year in the amount required to meet her annual payments in respect of sterling indebtedness.

That, Sir, is all I want to say on that point. There is only one other suggestion that has been made in this House on which I should like to speak and that is the suggestion that a committee of this House should be set up to assist the Finance Member in dealing with matters of this kind. Sir, I do not know of any country in the world where such a committee would be set up, and in practice it simply could not work.

Sir Cowasji Jehangir: Would you like to be on it?

Mr. T. Chapman-Mortimer: Naturally, and so would you and a lot of other people would like it even more!

Obviously the suggestion is, if I may say so with great respect to Dr. Banerjee, quite impracticable. This is a matter which we must leave to Government and trust that they will do the best they can for India. I believe that they have done so and I would appeal to my Honourable friend, Mr. Mehta, to accept the suggestion of the Finance Member and delete these last few words, in which case I understand Government would be prepared to accept his Resolution. Sir, I oppose the Resolution.

Sir Cowasji Jehangir: Sir, I had no intention of taking part in this very learned debate. It is not a question on which one jumps in easily to speak. But there has been one point raised, and that is as to who benefited. I think that can be answered with some accuracy. The British Government got the sterling that they wanted; the Indian Government bought their sterling paper which they were anxious to do for many years; and the person who paid the piper was the stockholder, both Indian and English. That is, both benefited, the British Government and the Indian Government, and the stockholder in England and in India had to suffer by being made to sell.

Mr. Jamnadas M. Mehta: Sir, I am glad to note that in spite of the opposition which the Honourable the Finance Member offered to my motion he was unable to challenge a single fact or figure that I gave. What he challenged was the inference that I was drawing from those facts and figures. He admitted that from my way of thinking the figures were what I said they were, but he said that that was not the right method of looking at things. But I cannot agree with the Finance Member. For instance, I had pointed out that the discount on these loans was eleven million pounds and he told me that that is not the way to look at it; there might be a discount, there might be a premium; the real thing was to see the ultimate effect.

Sir Cowasji Jehangir: Do you mean discount when the loans were floated?

Mr. Jamnadas M. Mehta: Yes. And I agree that if I can get a hundred for $3\frac{1}{2}$ per cent and if I want to pay three per cent, I should take less. That might be a proposition where discount would be justified. I do not mind it; that is quite so reasonable that nobody can object to it. But I will ask the Honourable Member to go with me into the figures. The rate of interest on none of these was less than $3\frac{1}{2}$ per cent except the last loan.

The Honourable Sir Jeremy Raisman: When were they floated?

Mr. Jamnadas M. Mehta: They were floated at different periods.

Sir Cowasji Jehangir: What were those periods? Some of them were floated during the last war.

Mr. Jamnadas M. Mehta: Most of them were floated since the last war.

Sir Cowasji Jehangir: Immediately after. What was the rate of money then?

Mr. Jamnadas M. Mehta: I am coming to that. What I am saying is that most of them were raised after the last war. And what was the rate of interest? Five per cent and $4\frac{1}{2}$ per cent. If the rate of interest was 3 or $2\frac{1}{2}$ per cent I can understand the discount. But $4\frac{1}{2}$ per cent. 1950-55, twenty millions loan was obtained at a discount of 15 per cent. I ask the Honourable Members whether this discount of 15 per cent on a loan which was to bear $4\frac{1}{2}$ per cent interest is a legitimate thing?

The Honourable Sir Jeremy Raisman: If the alternative was to float it at par at $6\frac{1}{2}$ per cent for 25 years then it is merely a matter of arithmetic.

Mr. Jamnadas M. Mehta: If this is my privilege of getting 85 rupees for hundred and then to float at $4\frac{1}{2}$ per cent interest it is a calamity which I would rather forego.

The Honourable Sir Jeremy Raisman: Does the Honourable Member realise that loans were floated by Provincial Governments at 7 per cent?

Mr. Jamnadas M. Mehta: Only for one year.

Sir Cowasji Jehangir: What year was that? You know that loans were raised at $7\frac{1}{2}$ per cent in India and you and I got them?

Mr. Jamnadas M. Mehta: In the history of Bombay Municipality finances, not a single loan has been raised at $7\frac{1}{2}$ per cent. Your insolvent Development Department might have raised at that rate.

Sir Cowasji Jehangir: What about the Government of Bombay loan?

Mr. Jamnadas M. Mehta: It was never more than $4\frac{1}{2}$ per cent.

Sir Cowasji Jehangir: Don't betray your ignorance.

Mr. Jamnadas M. Mehta: I would rather be ignorant than be in possession of such knowledge as you have. But I must say that the Bombay Presidency has never paid $7\frac{1}{2}$ per cent rate except for the Development Department of which my Honourable friend was in charge. He paid $7\frac{1}{2}$ per cent, not we.

Sir Cowasji Jehangir: $6\frac{1}{2}$ per cent free of income-tax.

Mr. Jamnadas M. Mehta: Only once. Sir, I am being unnecessarily interrupted.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should not interrupt.

Mr. Jamnadas M. Mehta: Another loan of twenty millions, at 90 per cent., 10 per cent. discount we had to pay. Another $7\frac{1}{2}$ millions, $4\frac{1}{2}$ per cent. interest, again $9\frac{1}{2}$, that is, $8\frac{1}{2}$ discount. Such a high rate of interest

and a heavier rate of discount was not at all justified, but I would remind the Honourable the Finance Member of one thing. In the year 1921 or 1922 the Government of India raised a loan, at seven per cent. in London, of about one million and there was such a scandal in this country that the Government were compelled to conceal the transaction at a later date. And what did they do? What was a short dated terminable loan was turned into irredeemable loan at three per cent., but every one who held a scrip of one hundred was given a slip of two hundred. I ask him to deny that.

The Honourable Sir Jeremy Raisman: Sir, it is the first time I have heard of it.

Mr. Jamnadas M. Mehta: And this is the debt which is now to be redeemed. Therefore, I cannot agree with my Honourable friend, the Finance Member, that this discount was at all justified. Then he told us of India being in need of repatriation. I shall quote from his own speech—Budget speech of the current year, para. 40. After describing all the real and imaginary benefits which the Indian people got out of the transaction, in paragraph 40 the cat is let out of the bag. There he says:

“There is another aspect of our repatriation operation at the present time and that is the manner in which they assist His Majesty's Government to finance the prosecution of the war.”

Dr. P. N. Banerjee: That was the primary object.

Mr. Jamnadas M. Mehta: Like the ladies post-script the real purpose is stated in the last para.:

“It is obvious then that if India repays her creditors in London, then particularly at the present time and in the present conditions of the London money market the greater part of the sums so disbursed will be re-lent to His Majesty's Government probably in the form of investment in the defence loans than when they formed part of the balances of the Reserve Bank and were invested in the Sterling Treasury Bills. To this extent we may feel gratified that India in improving her own position has also facilitated the war-time problems of Britain.”

It is the last paragraph in the Budget speech regarding repatriation which shows the real object, *i.e.*, as to who wanted the money, and therefore, I gave the example of a man whose money was due five years hence coming to me for paying cash down. I say that this is the real position. India was not bound to pay these loans at such heavy premium at a time when it was England who wanted the money. And if you wanted the money you must accept the discount. You were badly in need of money and you have forced out of the taxpayers of this country a heavy rate of premium which comes to eight to nine crores of rupees.

The Honourable Sir Jeremy Raisman: On a point of fact, I would like to point out that the Government of India's sterling in the United Kingdom was already at the disposal of His Majesty's Government in the shape of treasury Bills, because we have to do something with the money, and the yield was one per cent. The effect of this transaction was that instead of earning one per cent. it earned 4 to 4½ per cent. according to the securities which were liquidated.

Mr. Jamnadas M. Mehta: That was treasury Bills and not loans. Now Sir, coming to the argument about the structure of the Central Bank. The

[Mr. Jamnadas M. Mehta.]

structure of the Central Bank is what you make it. If you make the structure by which more than half of the assets of the Central Bank remain in a foreign land exposed to all the risks of war fluctuations, then that structure is at fault and not my suggestion. As soon as it suited you, you changed that structure under the Defence of India Act. Therefore, the structure is not coming from heaven. It is the structure which you construct and according to your interests. And, Sir, why there should be such enormous balances when in nine out of ten years this country is a creditor country on the balance of trade. Have you known this unheard of arrangement that the creditor country should keep enormous balances in a country from which it has to receive money year after year after paying all her charges. Have you ever heard of such a thing?

The Honourable Sir Jeremy Raisman: I do not understand the Honourable Member's saying that India is a creditor country. India is a debtor country.

Mr. Jamnadas M. Mehta: But on the annual balance of payments this country is, nine years out of ten, a creditor. We may have a permanent debt, but if the annual balances of payments are taken—look at the last forty years—the balance of trade and the balance of payments.

The Honourable Sir Jeremy Raisman: But the balance of trade is entirely different from the balance of payments. Besides the balance of trade we have to make certain payments.

Mr. Jamnadas M. Mehta: Therefore, I used the word 'balance of payments'. And I say the balance whether of trade or of payments in the past has been in favour of India, except on an occasion like a very serious depression.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has one minute more.

Mr. Jamnadas M. Mehta: With your permission, Sir, if you could give me three minutes. . . . :

Mr. President (The Honourable Sir Abdur Rahim): Very well.

Mr. Jamnadas M. Mehta: Finally, I say this. I was asked how my suggestions could be carried out? This is my reply. We should as America is paid in dollars, be paid in rupees and not in sterling for our goods. The Britisher would then be forced to liquidate these very sterling loans and obtain rupees for payment and the position would be just what was in America. What would have happened? I would not then need a vesting order. If I was paid in money of my own country's currency, these very securities would have gone down to a discount, as in the case I referred to in America. Therefore, the Honourable the Finance Member's argument on all these three points that the discount, heavy though it was, was justified is not borne out by the rate of interest. The way in which one loan has to be paid twice over and interest at six per cent. in the meantime

is another count in the charge-sheet against this system; and this condition about our balances—not only that a country which is normally a creditor even after the balance of payments are taken into account. . . .

The Honourable Sir Jeremy Raisman: I must again point out that the whole of my friend's argument is based on the assumption that India is a creditor country when it is a debtor country. You cannot make water run uphill.

Mr. Jamnadas M. Mehta: I am a creditor country on the balance of payments from year to year. So long as I am paying my interest on the debts and other charges whatever remains against my exports is a balance in my favour and I am a creditor. But the last word I wish to say is this. I am aware of my indebtedness. I am considering only the annual turnover and there I am a creditor in nine years out of ten. Lastly, about the American parallel, I say, what would you have done if you were dealing with America? You would have been forced to liquidate your securities; they would have tumbled down, and the Indian taxpayer would never have been called upon to pay 8 crores. But I do not want to quarrel with the past. I have made my suggestions about the future. I do not want a roving committee. All that I want is a committee which would sit secretly and confidentially to consider the question of repatriation and of the sterling accumulations and report to the Government and the Government might then take action on it. I do not want the public to know this: this finance structure is far too delicate to be publicly discussed; but unless the House is taken into confidence and a committee is appointed it will not be possible to inspire confidence. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has already exceeded more than his time.

Mr. Jamnadas M. Mehta: One last word, Sir; and if that committee is formed I think the Government will not be exposed to the criticism as it now is. Even after the committee has reported I am quite prepared that the last word should remain with the Honourable the Finance Member. Subject to this I am prepared to drop the last sentence as suggested by the Honourable the Finance Member.

Qazi Muhammad Ahmad Kazmi (Meerut Division: Muhammadan Rural): That will take away the whole force of the Resolution. They would say we acted as well before and will do the same in future.

Mr. Jamnadas M. Mehta: None at all. I am quite prepared to omit the last sentence, if the Honourable Member thinks that it will benefit him. In making those suggestions I have made them in the best of spirit, without meaning any affront or mistrust. I have stated the facts as they are and I hope the Honourable the Finance Member will take into consideration the various proposals I have made for the future repatriation scheme, and the last word should remain with the Honourable the Finance Member. and of one or two Honourable Members on these Benches I am prepared to drop the last words of the Resolution. . . .

Mr. President (The Honourable Sir Abdur Rahim): Which are the last words?

Mr. Jamnadas M. Mehta: "as was the case with the last scheme."

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

"That this Assembly recommends to the Governor General in Council that in any fresh scheme of the repatriation of India's sterling debt, care should be taken to see that the cost of such repatriation on Indian revenues is not unduly heavy."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): There is no other Resolution before the House.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 13th November 1941.