

Monday, 25th November, 1940

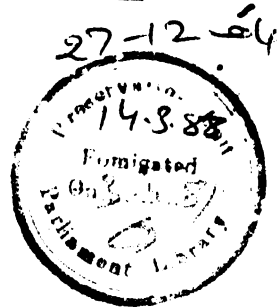
THE  
COUNCIL OF STATE DEBATES

VOLUME II, 1940

*(19th November to 2nd December 1940)*

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EIGHTH SESSION  
OF THE  
FOURTH COUNCIL OF STATE



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## COUNCIL OF STATE.

*Monday, 25th November, 1940.*

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

### QUESTIONS AND ANSWERS.

#### ALLOCATION OF DEFENCE EXPENDITURE DURING THE WAR.

30. THE HONOURABLE MR. M. N. DALAL : (a) Will Government state what proportion of the military forces of the Crown charged upon the revenues of the Government of India, have been dispatched overseas in aid of the British Commonwealth of Nations now at war with the forces of our enemies ?

(b) What arrangements, if any, have been made with the British Government, in regard to—

(i) the normal expenditure of such forces as may have been sent overseas in aid and defence of the British possessions or dominions and protectorates or mandated regions in Europe, Africa or Asia ?

(ii) the extraordinary expenditure on account of the war, of such forces as may have been sent overseas in regard to transport charges and other similar special expenditure or allowance that may have to be incurred for the purpose ?

(iii) to what extent will such extraordinary or special expenditure in connection with such forces sent overseas be charged upon the Government of India, and to what extent will they be borne by the British Exchequer ?

(c) Will Government state the principles or precedents that may have guided them in arriving at any arrangement for sharing the expenditure, in connection with the Indian military forces sent overseas during the present war ?

(d) What is the policy of other Dominions of the British Commonwealth in this respect ?

THE HONOURABLE MR. C. E. JONES : (a) The Government of India are not prepared to divulge information of this nature which might in their opinion be of use to the enemy.

(b) and (c). The arrangements made for the allocation of defence expenditure between the British and Indian Governments during the war and the principles underlying those arrangements are set out in the speech of the Honourable Finance Member introducing the Budget for 1940-41.

(d) The Government of India are not in possession of this information.

**THE HONOURABLE MR. HOSSAIN IMAM :** Is the Honourable Member aware that the Secretary of State has stated the number of Indian troops that are outside the Indian frontier ?

**THE HONOURABLE MR. C. E. JONES :** I am aware of it, Sir, but that is a different matter from stating the proportion of Indian troops which is outside.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** May I ask the Honourable Member whether he is aware that according to the Chatfield Committee's Report one-tenth of the forces maintained in India, if sent out of India in India's own interest, can be charged upon Indian revenues ? What is there that is confidential here then ?

**THE HONOURABLE MR. C. E. JONES :** I think the Honourable Member is aware that not only what are known as external defence forces but other forces have been sent out from the limits of British India.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** But the Honourable Member's question is what proportion of the military forces of the Crown charged upon the revenues of the Government of India have been despatched overseas.

**THE HONOURABLE MR. C. E. JONES :** Sir, when we reply to questions we give them a reasonable interpretation. For instance, the fact that we are replying to this question does not mean that we are admitting that these forces are despatched overseas in aid of the British Commonwealth of Nations as against the defence of India. We have to give a question a reasonable interpretation, and a reasonable interpretation of this question is what proportion of Indian forces have been sent overseas.

**THE HONOURABLE MR. HOSSAIN IMAM :** May I ask if it is a fact that the new army that is being raised, if it is sent out of India, will be charged to His Majesty's Government ?

**THE HONOURABLE MR. C. E. JONES :** I can but refer the Honourable Member to the very lucid statement made by the Honourable the Finance Member when he introduced the Budget for 1940-41. I cannot attempt to improve upon the phraseology in which that statement was made.

#### DEVELOPMENT OF PRODUCTIVE RESOURCES AND MOBILIZATION OF MAN POWER.

31. **THE HONOURABLE MR. M. N. DALAL :** Will Government state what arrangements, if any, have been made, in face of the imminent emergency, regarding the development of the productive resources, and mobilization of the man power of this country, to assure the defence of this country in any eventuality, and to make as large and substantial a contribution to the success of the British arms as is possible for India to make ?

**THE HONOURABLE MR. A. DEC. WILLIAMS** (on behalf of His Excellency the Commander-in-Chief) : The Honourable Member will appreciate that it is impracticable to compress within the limits of an answer to a question an account of such varied and extensive arrangements. I would refer him to the Honourable the Finance Member's recent speech in another place, copies of which I understand are in the hands of Honourable Members.

**DIFFICULTIES EXPERIENCED BY INDIANS IN OBTAINING COMMISSIONS IN THE INDIAN ARMY.**

**32. THE HONOURABLE MR. M. N. DALAL :** Are Government aware of the long standing complaint of Indians regarding the relative inaccessibility to commissioned ranks in the Indian military forces for the Indian citizens? What arrangements, if any, have been made by Government to remove, once and for all, the ground for any such complaint and the discontent arising in consequence thereof?

**THE HONOURABLE MR. A. DEC. WILLIAMS** (on behalf of His Excellency the Commander-in-Chief): Yes, Government are aware that there have been such complaints and have made arrangements to eliminate any possible grounds for their existence.

Indian officers are now eligible for posting to all units of the Indian Army. The Indian Military Academy at Dehra Dun has been expanded and the course of training has been shortened to 18 months. In addition, a new Cadet Training Institution has been started at Mhow, which has at present a capacity of 1,200 cadets a year. Already 516 Indian officers have been commissioned since the beginning of the war and 430 more were undergoing training on the 1st October, 1940.

**THE HONOURABLE MR. HOSSAIN IMAM :** Will the Honourable Member state if this figure includes the I.M.S.?

**THE HONOURABLE MR. A. DEC. WILLIAMS :** Yes, Sir.

**ESTABLISHMENT OF NEW AND DEVELOPMENT OF EXISTING INDUSTRIES.**

**33. THE HONOURABLE MR. M. N. DALAL :** Will Government state what steps they have taken to seize the opportunity created by the present war for the more intensive development of the local resources of this country, particularly in regard to the establishment of new, and the development of existing, industries?

**THE HONOURABLE SIR ALAN LLOYD :** I lay a statement on the table of the House containing the information asked for by the Honourable Member.

*I.—Indian industry generally.*

(i) The Government of India have constituted the Economic Resources Board and the Board of Scientific and Industrial Research, the functions of which include a constant examination of the problems that arise on account of war conditions concerning the development of industries in this country. (Copies of Press Notes on the subject are appended).

(ii) Government have had under their consideration for some time the need for assuring certain specified industries the starting of which Government consider essential under conditions created by the war, of a measure of protection which may be necessary after the war to enable such industries to continue their existence. (See Resolutions, Nos. 280-T and 6-T.Sim/40, dated, respectively, the 10th June and 20th July 1940, published in the Gazette of India.)

(iii) Facilities have been given to industries to import essential articles the importation of which has been made difficult either on account of war restrictions on trade or lack of shipping.

*II.—Industries supplying war requirements.*

The orders placed by the Supply Department for meeting war demands not only of India but of Overseas Governments have given a great stimulus to the development of

existing industries and have led to the growth of new ones. As a result, many new types of articles have been evolved and increased outlets found for others. Among the new items so developed the following are some :—

Mock leno cloth, cotton jute union fabric, cotton canvas, webbing and many chemical and pharmaceutical products.

Information about several of these has been given to the Press from time to time.

The ordnance factories have not only increased the output of those articles which were already being produced, but are manufacturing new things with success. Steps are also being taken to establish Government factories for the manufacture of bleaching powder and aviation spirit.

India is now manufacturing armour plate, A. R. P. Stirrup pumps, degaussing cable, Nissen huts, steel masts, oil heating stoves, primus stoves, Haldare's oxygen outfits and parts of service gas masks. The building of an Inglis Bridge has been effected, also the construction of trawlers and landing craft.

There has been a great expansion in the extraction of timber and the making of tents and barbed wire.

Government are also growing flax experimentally in Bengal and Bihar.

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### PRESS NOTE.

#### *Economic Resources Board.*

The repercussions of the War upon economic conditions in India have necessarily engaged the close attention of the Government of India in the last few weeks. The possibility that the War may last a considerable time and the certainty that it will bring with it dislocation of existing trade and productive conditions, as well as new demands, have all had to be taken into account. The problem of conserving and utilising the economic resources of India to the best advantage has had to be squarely faced.

To enable Government to cope with the greatly increased number of problems which are likely to arise in the economic field, it has been decided by the Government of India to create an Economic Resources Board. The President of the Board will be the Honourable the Commerce Member, Dewan Bahadur Sir A. Ramasami Mudaliar. The Vice-President of the Board will be the Economic Adviser to the Government of India, Dr. T. E. Gregory. The Board itself will be constituted of representatives of all the various departments concerned with the development and conservation of India's economic resources. The Board will develop its own administrative apparatus, but, in order to avoid any suggestion of over-lap, it will not possess any executive functions. On the contrary, its field of activity will be confined to acting as a Clearing House of economic and statistical information, discussion and advice. A large variety of problems arise which involve more than one point of view, moreover, new problems will emerge which concern more than one Department and which can best be discussed in common, before the necessary executive action can be entrusted to the appropriate Department of Government. Thus it is hoped, by the creation of the Board, to avoid the danger, on the one hand, that important problems will be overlooked altogether, and on the other hand, that the specialised outlook of particular departments will prevent the full exploration of all aspects of what may be a problem of common interest. Moreover, in order to safeguard India's vital interests, as well as to ensure that India's contribution to the War will be as effective as possible, it will be necessary to watch closely the course of economic development elsewhere and bring those external events to the notice of the appropriate Departments.

Owing to the obvious limitations imposed by the circumstances of the war situation, which calls for instant decisions and continuous consultation, it will not be possible to ask Provincial Governments to appoint representatives to the Board, although it is expected that intimate contact will be maintained by means of correspondence, conferences and personal meetings. For the same reason, it is not possible to appoint representatives of professional, industrial or commercial organisations to be members of the Board, though the Government of India greatly appreciate the offers of assistance which have been made to them recently. Contact with professional organisations will be maintained by the adoption of the principle of appointing specialised *ad hoc* committees for the elucidation of particular problems, in the solution of which it is hoped to make the fullest use of the non-official fund of information and experience available in India at the present time.

PRESS NOTE.

*Board of Scientific and Industrial Research.*

*Personnel announced.*

*Research on a large scale.*

The Government of India have decided to set up from April 1, 1940, a Board of Scientific and Industrial Research, and have obtained the consent of some of the prominent scientists and industrialists in the country to serve as its members. The Board will be a consultative body and its functions will be to advise Government as to the lines on which industrial research should be conducted and the channels into which it should be guided in order to ensure the co-ordinate development of India's industries, particularly those the importance and possibilities of which have been prominently brought into the foreground as a result of war conditions.

The war has deprived India of some of its essential imports and has curtailed others with the result that some of the major existing industries are finding difficulties in maintaining their normal working. On the other hand, demands for war materials from the Empire and Allied countries and also for India's own requirements in this field call for an increase in industrial activities in India. Government have therefore decided that, in order to enable India to make a fitting contribution to the war for all the Allies and to take this opportunity of stimulating her existing industries and of exploring the fresh field of development created by the war, research work should be conducted on a larger scale than at present.

The Board will utilize and co-ordinate the work of the existing organisations already employed in this field. It will survey the work that is being done by them, invite proposals from all sources, initiate discussions and make recommendations to the Government, who will prescribe from time to time the general lines on which industrial research should be undertaken and pursued. The Board will also recommend to Government what specific problems should be assigned for investigation to the staff directly under the Board on the one hand and to the various scientific and research institutions in the country including Universities Laboratories on the other.

PERSONNEL.

The composition of the Board has been so designed as to ensure that all proposals for research are examined and judged not only from the scientific but also from the commercial standpoint in order that technical possibilities and practical considerations are fully weighed at every stage. The first Board will consist of the following gentlemen who have accepted membership of the Board—

Dr. J. C. Ghose, Dr. Nazir Ahmed, Dr. Meghnad Saha, Dr. S.S. Bhatnagar, Sir H. P. Mody, Sir Syed Sultan Ahmad, Mr. Kasturbhai Lalbhai, Lala Shri Ram, Mr. P. F. G. Warren and Dr. N. N. Law.

The Commerce Member of the Government of India will be Chairman of the Board, and the Chief Controller of Stores, Indian Stores Department, will be its first Vice-Chairman. Government have been able to secure the services of Dr. Bhatnagar, Head of the Punjab University Chemical Laboratories, as Director of Scientific and Industrial Research.

The Executive staff of the Board will be attached to the Commerce Department. The Chairman will have the power to co-opt from time to time such scientists or industrialists as he may consider necessary to help in the examination of particular problems which may come before the Board. The Board will meet at such places as its Chairman may direct and it is expected to meet once in two months.

A sum of five lakhs has been provided in the next year's budget in connection with the work of the Board, of which about one lakh will be utilized by the Board on its administrative side, and the balance will be available for other purposes for the Board, including distribution of grants, subsidies and scholarships.

COMMERCE DEPARTMENT,

New Delhi, March 18, 1940.

ESTABLISHMENT OF NEW INDUSTRIES IN CONNECTION WITH THE TRANSPORT SYSTEM OF THIS COUNTRY BY RAILROAD, WATER AND AIR.

34. THE HONOURABLE MR. M. N. DALAL: (a) Will Government state what measures, if any, they have adopted, concessions offered, or facilities provided for the establishment of any new industries in



connection with the transport system of this country by railroad, water and air ?

(b) What precautions have they taken against the creation of a monopoly in these public utility industries in private hands which might exploit the public for private profit ?

**THE HONOURABLE SIR ALAN LLOYD :** A reply is being prepared and will be laid on the table of the House in due course.

#### LOCOMOTIVES.

**35. THE HONOURABLE MR. M. N. DALAL :** (a) Will Government state at what stage the project of establishing a locomotive building plant for supplying locomotives to Indian State and other Railways in this country has reached ?

(b) When do Government expect to have the first of these locomotives ready for service on the Indian Railways ?

(c) Will Government lay on the table of the House the full estimates and details of the capital and running expenditure decided to be incurred in this connection ?

**THE HONOURABLE MR. L. WILSON :** I would refer the Honourable Member to Memorandum No. 7 at page 76 of the Proceedings of the Meeting of the Standing Finance Committee for Railways held on 1st and 2nd July, 1940, Volume XVII, No. 2, a copy of which is in the Library of the House. The first broad gauge locomotive built at the Ajmer shops is likely to be ready about the end of 1942.

#### ESTABLISHMENT OF AN AEROPLANE FACTORY AND AUTOMOBILE PLANT.

**36. THE HONOURABLE MR. M. N. DALAL :** (a) What subsidy, if any, or other guarantees have Government offered to those concerned in the establishment of an aeroplane factory and automobile plant in India ?

(b) To what extent will Government be committed to financial assistance to such enterprise in private hands ?

**THE HONOURABLE MR. H. DOW :** (a) and (b). With reference to that part of the question which refers to the establishment of an aeroplane factory in India, the Honourable Member's attention is invited to the answer given on 19th November, 1940 to the Honourable Raja Yuveraj Datta Singh's question No. 3.

As regards the automobile plant the Government of India have offered neither a subsidy nor other guarantee to the promoters, and they are therefore not financially involved in the scheme.

**THE HONOURABLE MR. HOSSAIN IMAM :** Have they given any assurance of buying automobiles from this factory, if established ?

**THE HONOURABLE MR. H. DOW :** I answered that question, so far as I was prepared to answer it, on the 19th of November.

**INSURANCE OF INDIAN-OWNED SHIPS AND CARGOES TRADING IN DANGEROUS WATERS.**

**37. THE HONOURABLE MR. M. N. DALAL :** What arrangements, if any, have Government made for Indian-owned ships now operating in dangerous waters, to benefit by the British Government's system for insuring the ship and the cargo through such waters? Have Government made any arrangement similar to the British for such Indian-owned ships and their cargo?

**THE HONOURABLE SIR ALAN LLOYD :** So far as insurance of ships is concerned, the British scheme referred to by the Honourable Member is presumably that relating to the reinsurance of ships against the King's Enemy Risks. If so, the Government of India have arranged with His Majesty's Government that ships registered in India should also be allowed to participate in that scheme.

As regards insurance of cargo, the reference presumably is to the British War Risk Cargo Pool which was set up for the purpose of facilitating in the interests of trade the insurance against war risks of cargoes destined for discharge in or shipped from the United Kingdom. Membership of the Pool is, so far as companies are concerned, open only to United Kingdom companies and to non-United Kingdom companies which have an established place of business in the United Kingdom or operate through an authorized resident agent. Provision is, however, made in the Scheme for the acceptance by the Pool, subject to such conditions as may be prescribed of reinsurances written by other companies. The Indian companies are thus allowed to reinsure with the Pool through the United Kingdom intermediary.

**THE HONOURABLE MR. M. N. DALAL :** Will Government allow the Indian Insurance Companies which do not have a branch or head office in London near the Board of Trade to take up such business?

**THE HONOURABLE SIR ALAN LLOYD :** Sir, I would repeat the last two sentences of my reply :

" Provision is, however, made in the Scheme for the acceptance by the Pool, subject to such conditions as may be prescribed of reinsurances written by other companies. The Indian companies are thus allowed to reinsure with the Pool through the United Kingdom intermediary "

**THE HONOURABLE MR. HOSSAIN IMAM :** May we ask if it is compulsory or optional?

**THE HONOURABLE SIR ALAN LLOYD :** I believe it is optional, Sir.

**INDIAN TRADE WITH OVERSEAS COUNTRIES.**

**38. THE HONOURABLE MR. M. N. DALAL :** Will Government lay a statement on the table of the House, showing the present position of the trade of India with overseas countries, both as regards quantum and value, comparing that statement with the corresponding figures for 1938-39?

**THE HONOURABLE SIR ALAN LLOYD :** A statement is laid on the table.

**THE HONOURABLE MR. HOSSAIN IMAM :** Will the Honourable Member please state if it has at all improved?

**THE HONOURABLE THE PRESIDENT :** No answer has been given by the Honourable Member. He has only laid a statement on the table ; you have not read that statement.

**THE HONOURABLE MR. HOSSAIN IMAM :** I am asking if the position has improved since June.

**THE HONOURABLE SIR ALAN LLOYD :** Well, Sir, there is a large element of opinion. I would only say that when the Honourable Member sees the statement in question he will see that the value of export in the six months from April to September, 1940, was Rs. 99·0 crores, i.e., more than half the total figure for the year 1938-39, which was Rs. 162·8 crores. On the other side of the picture the value of imports for the half year ending September was Rs. 79·3 crores, which is just over half the value of imports in the whole year 1938-39.

*Statement showing the trade position of India with overseas countries both as regards quantum and value.*

	1938-39. Rs.(Crores).	1939-40. Rs.(Crores).
Quantum of exports . . . . .	295·5	309·1
Quantum of imports . . . . .	226·0	230·5

	1938-39. Rs.(Crores).	1939-40. Rs.(Crores).	April to September, 1940. Rs.(Crores).
Value of exports . . . . .	162·8	203·4	99·0
Value of imports . . . . .	162·3	165·3	79·3

*Note.*—"Quantum" is calculated by dividing the total value by the price index. (The base year for the price index is 1927-28.)

#### FOREIGN TRADE OF INDIA.

**39. THE HONOURABLE MR. M. N. DALAL :** Are Government aware that the foreign trade of India has suffered a severe setback by the loss of substantial markets, both in countries with which the British Commonwealth is at war, and in neutral countries ? What steps have Government taken to make up for such losses in finding and developing alternative markets ?

**THE HONOURABLE SIR ALAN LLOYD :** The statistics of exports of Indian merchandise during the last three years and for the period April to September, 1940, which are given below, do not show that India's export as a whole trade has suffered a setback on account of the closure of certain overseas markets due to the war.

	Rs.(Crores).
1937-38 . . . . .	180·9
1938-39 . . . . .	162·8
1939-40 . . . . .	203·4
April to September, 1940 . . . . .	99·0

In order further to stimulate India's overseas trade Government sent the Gregory-Meek mission to the U.S.A. and appointed a Trade Commissioner in Australia. They have also created an Export Advisory Council to advise them in the matter.

DEPUTATION OF DR. GREGORY AND SIR DAVID MEEK TO THE U.S.A.

40. THE HONOURABLE MR. M. N. DALAL : (a) Will Government state the reasons for deputing Sir David Meek and Dr. Gregory to investigate the possibilities of finding new markets in the United States of America or other American countries for Indian produce ?

(b) Why Government did not appoint any Indian to this mission to America ?

THE HONOURABLE SIR ALAN LLOYD : (a) Dr. Gregory and Sir David Meek were deputed because they were best qualified for the purpose of obtaining a factual survey of the position within a short time.

(b) The Indian Government Trade Commissioner in the U.S.A., Mr. Malik, was associated with their enquiries.

SUPPLY DEPARTMENT.

41. THE HONOURABLE MR. M. N. DALAL : Will Government state briefly the volume and details of the transactions carried out up to date by the Supply Department recently organized ?

THE HONOURABLE MR. H. DOW : The total value of orders from all sources for civil and military purposes placed by the two purchasing organizations under the administrative control of the Department of Supply from the beginning of the war to the end of September amounts to Rs. 56½ crores approximately. In addition to these, the Timber Directorate of the Supply Department had by the end of October this year placed orders for timber worth over Rs. 1 crore. The total number of orders placed by the Indian Stores Department alone during the period was 1,08,562. The commodities dealt with by the purchasing organizations are so numerous that the compilation of any information would, in Government's opinion, take more time than is warranted.

THE HONOURABLE MR. HOSSAIN IMAM : Would the Honourable Member lay on the table a statement of those transactions involving more than a lakh ?

THE HONOURABLE MR. H. DOW : If the Honourable Member put down a question I will consider it. Rs. 56½ crores is a large sum and there may be a large number of transactions over one lakh included in it.

THE HONOURABLE MR. SHANTIDAS ASKURAN : Is it a fact that the majority of orders are debited to His Majesty's Government account ?

THE HONOURABLE MR. H. DOW : I could not say off-hand. I made it clear that this figure includes not only military orders but the ordinary purchases of civil account which are made by the Indian Stores Department. Roughly the amount of military stores purchased by the Indian Stores Department out of Rs. 44 crores is about Rs. 30 crores. There has been a considerable increase on account of civil purchases. That is due mainly to three reasons : (i) the prices have to some extent gone up, (ii) there are very large number of purchases on behalf of the railways on account of war reserves, and (iii) many purchases are now made in India which were formerly made by the indenting officers, such as the Navy and Company railways, either direct in England or through the Director General, Indian Stores Department in London.

## STORES PURCHASE RULES.

42. THE HONOURABLE MR. M. N. DALAL : Will Government state whether they contemplate any modification of the Stores Purchase Rules now in force? If so, in what directions? Will Government lay on the table of the House a statement showing the stores purchases made during the six months of the current financial year? How do these purchases compare with the corresponding purchases of the last five years for the same period?

THE HONOURABLE MR. H. DOW : *First and second parts.*—I presume the Honourable Member is aware of the amendment made last February when a new rule, rule 7A, was added by a Commerce Department Resolution published in the Gazette of India of the 24th February, 1940. Since then difficulties in other directions have been felt as a result of the abnormal conditions created by the war and the question of further amending the Rules has had to be taken up.

*Third and fourth parts.*—I lay on the table a statement showing the approximate total value of contracts placed by the Indian Stores Department and Contracts Directorate during the first six months of each of the financial years 1935-36 to 1940-41.

*Comparative statement showing the total value of all contracts entered into by the Indian Stores Department and Contracts Directorate during the first six months of each of the financial years 1935-36 to 1940-41.*

Year.	Purchase organization.	Approximate value.
		Rs.
1935-36	{ Indian Stores Department . Contracts Directorate .	2,52,16,382 1,41,67,900
1936-37	{ Indian Stores Department . Contracts Directorate .	2,64,04,357 1,22,06,800
1937-38	{ Indian Stores Department . Contracts Directorate .	3,65,03,922 1,70,56,300
1938-39	{ Indian Stores Department . Contracts Directorate .	3,33,54,074 1,32,40,800
1939-40	{ Indian Stores Department . Contracts Directorate .	4,66,17,035 2,39,25,500
1940-41	{ Indian Stores Department . Contracts Directorate .	20,74,37,530 6,92,54,400

## PRICE CONTROL OF PRINCIPAL COMMODITIES.

43. THE HONOURABLE MR. M. N. DALAL : Will Government state the measures adopted so far and the results achieved in connection with the control of prices of the principal commodities produced or made in India? How do these measures re-act upon the producer and the consumer?

THE HONOURABLE SIR ALAN LLOYD : The Central Government delegated their powers to control prices under the Defence of India Rules to Provincial Governments subject to certain conditions. The notifications now in

force containing these delegations are placed on the table. The action taken served in the beginning to allay panic and it is believed that the various measures taken by the Provincial Governments have tended to keep the prices charged to the ultimate consumer within a reasonable margin over the prices obtained by the producer.

# NOTIFICATION.

## PRICE CONTROL.

*No. 501-Ind.-War (19)/40, dated the 29th June 1940.*—In exercise of the powers conferred by sub-section (4) of section 2 of the Defence of India Act, 1939 (XXXV of 1939), the Central Government is pleased to direct that the power conferred on it by clause (a) of sub-rule (2) of rule 81 of the Defence of India Rules to provide by order for prohibiting the withholding from sale, either generally or to specified persons or classes of persons, of articles or things kept for sale and for requiring articles or things kept for sale to be sold either generally or to specified persons or classes of persons or in specified circumstances, and the power conferred on it by clause (f) of the said sub-rule to provide for any incidental and supplementary matters for which it is expedient to provide for the purposes of an order made under clause (a) thereof, shall be exercisable also by any Provincial Government (including a Chief Commissioner) subject to the following conditions, namely :—

(1) The said powers shall be exercisable only in respect of the articles specified in the Schedule annexed to the notification of the Government of India in the Department of Commerce, No. 501-Ind.-War (11)/40, dated the 25th May 1940.

(2) The said powers shall be exercised in accordance with such general instructions as may be issued from time to time by the Central Government.

A. H. LLOYD,

*Secy. to the Govt. of India.*

# NOTIFICATION.

*No. 501-Ind.-War (11)/40, dated the 25th May, 1940.*—In exercise of the powers conferred by sub-section (4) of section 2 of the Defence of India Act, 1939 (XXXV of 1939), and in suppression of the Notification of the Government of India in the Department of Commerce, No. 20, dated the 8th September 1939, the Central Government is pleased to direct that the power conferred on it by clause (b) of sub-rule (2) of rule 81 of the Defence of India Rules to provide by order for controlling the prices at which the articles specified in the Schedule annexed hereto may be sold otherwise than in a primary wholesale market, and the power conferred on it by clause (f) of the said sub-rule to provide for any incidental and supplementary matters for which it is expedient to provide for the purposes of an order made under clause (b) thereof, shall be exercisable also by any Provincial Government (including a Chief Commissioner) subject to the following conditions, namely :—

(1) The said powers shall, in respect of any imported articles other than salt, kerosene oil and medicines, be exercisable only with the previous sanction of the Central Government.

(2) The said powers shall be exercised in accordance with such general instructions as may be issued from time to time by the Central Government.

## *Schedule.*

Grains, pulses and flour.

Gur.

Milk and ghee.

Vegetable oils.

Chillies, turmeric and onions.

Salt.

Dhuties, lungies, saris and shirtings of Indian manufacture, woven from yarn of counts not exceeding 20s. in the warp or the weft.

Kerosene oil.

Charcoal, steam coal and fire wood.

Matches.

Medicines.

Household soap.

Fodder, bran, pollard and oilcakes.

A. H. LLOYD,

*Secy. to the Govt. of India.*

### ONE RUPEE NOTES.

44. **THE HONOURABLE MR. M. N. DALAL :** (a) Will Government state the reasons for the issue of one rupee notes to supplement the note issue of the Reserve Bank of India ?

(b) What arrangements have Government made for guaranteeing convertibility of such notes into rupees ?

(c) Will Government state what limits, if any, they propose to fix regarding the maximum amount up to which such notes will be put into circulation ?

**THE HONOURABLE MR. C. E. JONES :** (a) The attention of the Honourable Member is invited to the press communique issued on the 24th July.

(b) The reason for issuing one rupee notes was to supplement the existing stock of rupee coin which was being depleted by large withdrawals from circulation for hoarding. To make them convertible into metallic rupees would have defeated this object.

(c) No limit has been fixed to the issue of these notes. The amount issued will depend on the amount required to meet the needs of the public from time to time.

**THE HONOURABLE MR. HOSSAIN IMAM :** Will the Honourable Member please state how much has already been issued ?

**THE HONOURABLE MR. C. E. JONES :** I am sorry I have not the latest figures with me.

### RUPEE-STERLING RATIO.

45. **THE HONOURABLE MR. M. N. DALAL :** In view of the continued depreciation of most of the world's currencies, will Government state whether they propose to consider the advisability of reducing the rupee-sterling ratio now, or in the near future ?

**THE HONOURABLE MR. C. E. JONES :** Government see no reason to change their decision not to permit any alteration in the rupee-sterling ratio.

## STATEMENTS, ETC., LAID ON THE TABLE.

### DRAFT CONVENTIONS AND RECOMMENDATIONS ADOPTED BY THE TWENTY-FIFTH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

THE HONOURABLE MR. M. S. A. HYDARI (Labour Secretary) : Sir, I lay on the table Draft Conventions\* and Recommendations\* adopted by the Twenty-fifth Session of the International Labour Conference and a statement\* indicating the course of action which the Government of India propose to follow in respect of the Draft Conventions and Recommendations.

### STANDING COMMITTEE FOR THE DEPARTMENT OF SUPPLY.

THE HONOURABLE MR. H. DOW (Nominated Official) : Sir, I move :

" That this Council do proceed to elect, in such manner as the Honourable the President may direct, two Members to serve for the remainder of the current financial year on a Standing Committee to be attached to the Department of Supply. "

In making this Motion, I wish to state that it is the intention of Government to follow the same procedure as has been announced in the other House, in that Government will instruct Government Members to cast their votes only for elected Members of this House.

THE HONOURABLE SIR MUHAMMAD YAKUB (Nominated Non-Official) : Mr. President, I have got a serious objection to the procedure which has just been announced by the Honourable Mr. Dow. They say that Government have come to a decision that only elected Members should sit on this Committee ?

THE HONOURABLE MR. H. DOW : No, Sir. I stated that Government would give its support to elected Members.

THE HONOURABLE SIR MUHAMMAD YAKUB : Quite right. It comes to the same thing, which means that Government will deny its support to the nominated Members.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Very rightly.

THE HONOURABLE SIR MUHAMMAD YAKUB : Mr. President, this is not at all right. This is altogether wrong, and nothing could be more wrong than this. Mr. President, in nominations, as long as they are a part of the present constitution, and as long as the present constitution is in vogue, there cannot be, and should not be, any difference between the status and position of the Honourable Members of this House. The Government would stultify themselves if they lowered the position of the nominated Members or if they deprived them of the status of Members of this House.

Mr. President, you are yourself a nominated Member of this House and I am the same and if Government adopt this attitude derogatory to the position of the nominated Members of the House, I think it will make your position and my position untenable and therefore you, as President of the House and the custodian of the rights of the Members of this House, I hope you, Sir,

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\*Not printed. Copy placed in the Library of the House.



[ Sir Muhammad Yakub.]

will see that no invidious distinctions are made between the nominated Members and the elected Members and you will see that this novelty which has been created for the first time in the other House will not find its place in this House.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Sir, may I make a few observations before you express your opinion on the point raised by Sir Muhammad Yakub. The Committee, two members of which we propose to elect, is of exceptional importance. You are aware of the volume of criticism directed against the Supply Department. It is but natural in these circumstances that the non-official Members of the House, that is the representatives of the taxpayer, who have brought forward complaints against the administration of the Supply Department, should ask that the Committee should be so formed as to enable the public at large to feel that the actions of the Department would be scrutinized by an independent body. Government are aware of this feeling. Now, suppose representations were made to Government on the subject and the Government, in response to these representations, assured the Council that no official would stand for election on the Committee, should anybody regard it as improper ? The officials, being nominated Members of this House, have theoretically the same rights as the elected Members, yet I am sure nobody would take the Government to task for giving an assurance on the floor of this House that no official Member would seek election to this Committee. Now, my Honourable friend Sir Muhammad Yakub is pleading on behalf of the non-official nominated Members. He is himself making a distinction between nominated official Members and nominated non-official Members. To that extent he is allowing that the Government can, by administrative action, curtail the theoretical rights of a certain class of Members in this House. But I will let that point go and consider the matter in its wider aspect. In the particular case referred to by Sir Muhammad Yakub, the Honourable Mr. Dow has not prevented nominated non-official Members from standing for election. He has, therefore, allowed by implication that the non-official nominated Members are not in the same way under the control of Government as the official Members. All that he has said is that, in view of the importance of this Committee, Government are not going to take any action which would lay them open to the criticism that they were going to have in the Committee any Members who owed their presence directly or indirectly to them and who were consequently under their influence. I think Government have done nothing that is in the slightest degree improper.

To clinch the matter, Sir, let us suppose that the Honourable Mr. Dow had made no such announcement here. Now, would it have been open to the Honourable the Leader of the House or not, when the question had to be voted upon, to ask the non-official Members not to vote for any nominated Member ? It is obvious that the Leader of the House could have issued such a whip. What is there then wrong in the statement made by the Honourable Mr. Dow in this House ? (*An Honourable Member* : Nothing ?) I think from the public point of view it was eminently desirable that he should have made such a statement. Apart from this, Sir, Government, I think, are perfectly within their rights in saying that they will not ask their official Members, that they will not direct the official Members whom they control, to vote in favour of any nominated Members. It is their right to do so and I do not think that that right can be questioned. They have, if I may say so, a party of their own. The right of the Leader of this Party cannot be less than the right of the

Leader of any other Party to direct his followers to act in any particular way To allow Sir Muhammad Yakub's complaint to have any force would be to debar the Leader of the House from giving any particular advice to the official Members or exercising such control over them as he is entitled to do by virtue of his official position.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official) : Sir, the Honourable Pandit Kunzru attempted a laboured explanation and justification for the Government's attitude—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : So far from being laboured, it was perfectly spontaneous.

THE HONOURABLE THE PRESIDENT : Order, order. Let the Honourable Member speak. You have had your say.

THE HONOURABLE SIR A. P. PATRO : I am thoroughly disappointed with the statements made by him. In other words, he thinks that the distinction between nominated non-official Members and elected Members should be perpetuated in every matter. If once the principle is conceded that representatives of a constituency are as much responsible to the whole of the people of India, they would find nominated Members under the constitutional arrangement that exists today, the non-official nominated Members are representatives of public opinion. They are as much representative of public opinion ; in many cases they are better representatives of public opinion, because they are more independent, more just and more frank, than those who are stated to be circumscribed in the area which they seem to represent. Therefore, there is absolutely no sense in saying, " These are the representatives of the people, or those are the representatives of the people and therefore Government should lend its support to one of them ". I wish this attitude of the Government would be maintained on the Finance Bill that is to come and freedom is given to the nominated non-official Members to vote as they like. Could the Government make that statement ?

THE HONOURABLE MR. P. N. SAPRU : On a point of order, Sir—

THE HONOURABLE THE PRESIDENT : Order, order. That is not a point of order.

THE HONOURABLE SIR A. P. PATRO : Therefore, if in an important matter like the formation of an important Committee, this is done, then similarly, in other important matters also, there should be no whips issued and the position of the Government could be tested. Once a Member has been nominated, according to convention, he is independent to act in the best manner he thinks according to the merits of the subjects that come before him. Therefore, he is as independent (*An Honourable Member* : Subject to the whip.) Not your whip, anyhow—more independent than the elected Members. The elected Members form a Party or Group. They are subject to the Whip of the Party. Whether they believe in the justice of a cause or not, by belonging to a Party, they must obey the Party mandate. They are enslaved. Therefore, it is not at all correct to say they are independent and they represent the views of the constituency. Here they are, in a Party, where the Party whip is issued to them, and in some cases, the order comes from outside the party also. It seems to me that to make a distinction between

[Sir A. P. Patro.]

the representative capacity and independence of the two classes of people has no meaning. The attitude of the Government in this matter is more to placate a kind of public opinion and not at all to do justice in the matter. Government, in thus behaving in this matter, has brought down its prestige, and it is no wonder, Sir, that the prestige of the Government today is not as it ought to be.

\*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President—

THE HONOURABLE THE PRESIDENT : Have you got anything new to say ? This is a very important and heavy day and we have a lot of work to do. I think expression of views on your side has already been fully made and I do not propose to allow a full dress debate on this point.

THE HONOURABLE MR. HOSSAIN IMAM : I am not going to indulge in a full dress debate, Sir. I will not take more than three minutes.

THE HONOURABLE THE PRESIDENT : Very well, I will give you three minutes.

THE HONOURABLE MR. HOSSAIN IMAM : I only want to say that this is not an innovation. There are other committees in which the electorate consists only of elected Members. Only recently, we had an election to the Delhi University Court in which only the elected Members participated—

THE HONOURABLE SIR MUHAMMAD YAKUB : Not a Committee of this House.

THE HONOURABLE MR. HOSSAIN IMAM : They go there as representatives of this House. Secondly, Sir, Sir A. P. Patro has given away his whole case by stating that he is not an independent Member—

THE HONOURABLE SIR A. P. PATRO : Who said that ?

THE HONOURABLE MR. HOSSAIN IMAM—and that he is subject to the Government whip. That is why he wants independence of vote on the Finance Bill. He wanted that he should be allowed freedom of vote and I say he is subject to a whip from the Government. The Government have very rightly decided to appoint a Committee of outsiders to examine whether the Government's action is right. They do not want partisans—those who are subject to their whips.

THE HONOURABLE SIR A. P. PATRO : You are subject to your Party Whip.

THE HONOURABLE MR. HOSSAIN IMAM : They have acted in a manner for which they ought to be congratulated. They have shown broadmindedness and ability to face facts and criticism and they ought to be congratulated and not condemned for this action. As the Honourable Pandit Kunzru has pointed out, every Party has a right to issue a whip according to its own lights. No one can question them for this decision.

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\*Not corrected by the Honourable Member.

THE HONOURABLE MR. H. DOW : Sir,—

THE HONOURABLE THE PRESIDENT : I want to ask you one question. Are you issuing a mandate to your official Members not to elect any nominated Member ?

THE HONOURABLE MR. H. DOW : Sir, I presume that the Official Whip will instruct the Members belonging to the official bloc to vote in favour of the individuals whom Government select.

I only had one very short point to make. I may admit that I am entirely taken by surprise by the heat—and I think unnecessary heat—which this simple Motion of mine has generated. In the Supply Department we are accustomed to work through a large number of committees on which non-official opinion is represented. If Honourable Members will come almost any day of the week into the Supply Department, I think they will seldom find less than six committees, on all of which various non-officials are assisting. Therefore, I think it is not unnatural that when an opportunity arises of appointing a Committee from Members of this House, we should like to have on it elected Members only, because our own selection of non-officials is one of the things which has been subject to public criticism. This is not intended, as far as I am aware, to be a precedent to be followed in the election of other Standing Committees of this House. But I do think that in the circumstances of the case when a Department has been made the target of a great deal of public criticism, some of it fair, some of it unfair, none of which I object to—I do not object to unfair criticism so strongly as I do to fair criticism, because it is easier to deal with, and one can give a good reason for not dealing with it—

THE HONOURABLE THE PRESIDENT : But you will admit that it involves a reflection on the nominated Members ?

THE HONOURABLE MR. H. DOW : No, Sir. I am very far from admitting that. I am a nominated Member myself, and as such—

THE HONOURABLE THE PRESIDENT : I mean nominated non-officials.

THE HONOURABLE MR. H. DOW : No, Sir, the point which I wish to make is that in the ordinary work of the Department nominated non-officials are constantly associated with the work of the Department. Here we have an opportunity to bring entirely elected Members to bring their views to bear on it.

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI (Leader of the House) : Mr. President, perhaps you will permit me to say a few words, because of what appears to be a misunderstanding on the part of nominated non-official Members of this House. Let me, Sir, give you and give them the assurance that, in our estimation, they are as competent to judge any issue that is placed before this House as elected Members of the Legislature. We make no distinction in that respect at all. But the position here, as has already been explained by the Honourable Mr. Dow, is slightly different. The Supply Department is a Department which has associated with it numerous committees. It has different ways of associating different categories of non-officials for the performance of their duties. Honourable friends like Sir

[ Sir Girja Shankar Bajpai.]

Muhammad Yakub or Sir A. P. Patro have the path of service in that Department open to them, and Government may, and probably will, as and when occasion arises, make use of their services. The narrow point for consideration here is that the elected Members of both Houses of the Legislature have said : " You have at your disposal infinite ways of associating people who are not elected Members of this Legislature in order to assist you and to help you. Therefore, we ask that, when you are setting up committees of the two Houses of the Legislature to work with the Supply Department, you should give preference to those who are elected representatives ". I venture to submit, Sir, that that demand in itself is not unreasonable nor is Government's acceptance of that demand in any way invidious or odious. I do hope that you and the Honourable nominated non-official Members of this House will appreciate that, what we are doing, we are doing in response to a not unreasonable public demand. But this is not intended to constitute a precedent for the future, and certainly there is nothing further from the mind of Government than to initiate a policy of discrimination as between different categories of Members of this House.

THE HONOURABLE SIR MUHAMMAD YAKUB : Was any such demand made by the elected Members of the Assembly or the Council of State ?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : So far as the Council of State was concerned, I personally did approach some of the spokesmen of Government.

THE HONOURABLE SIR MUHAMMAD YAKUB : Now I see the reason. The cat is out of the bag !

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : There was no cat in the bag. If you had asked me I would certainly have let you know that.

THE HONOURABLE THE PRESIDENT : The Honourable the Leader of the House and Honourable Members. The President scarcely ever intervenes in a debate which takes place in this House, but I think it my duty on this occasion to say a few words disapproving entirely the action of Government in this matter. (*Several Nominated Members : Hear, hear.*) I have heard a lot said both by the Honourable Mr. Dow, the Honourable the Leader of the House, who have given very good reasons probably from their point of view why on this occasion the exclusion of nominated Members is desirable in the public interest. But I must say that as the constitution stands at present, the Government of India Act of 1919 and the Government of India Act of 1935 make no such invidious distinctions between nominated and elected Members. I am sorry that on previous occasions there have been many reflections and attacks in this House on the nominated Members and I have never intervened on any previous occasion in defence of either Party. But I am constrained to do so as President of the Council of State. I am bound to watch vigilantly and to maintain and protect the interests of all Parties in this House and to see that no invidious distinction of any kind is made. It is against the constitution to make such distinction. If the Government wanted to elect Indian elected Members, there was no necessity at all for mentioning it in this House. The Government could have given instructions privately to

official Members not to support any nominated Member ; but I submit respectfully to Government that they had no right whatsoever to make a public declaration in this House today which reflects on the character and capacity of nominated Members and their ability to discharge their duties faithfully and scrupulously. It also reflects indirectly on Government, that the Government have no confidence in their nominated Members. I shall say no more. Government is at liberty to do what they like in this House. There I cannot interfere ; but as President I am bound to say that I cannot look upon this action of Government with approbation. (Applause.)

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI : Sir, perhaps you will permit me to make a few observations with regard to what has fallen from you just now. I fear, Sir, that you have not—I say that with all respect—correctly appreciated the point of view that I wanted to put before you and before this House. There is no question of discrimination. I tried to explain that. Equally there is no question of want of confidence in any Member of this House, in particular nominated non-official Members of this House.

THE HONOURABLE THE PRESIDENT : But that would be a natural inference to draw and the public would draw that inference.

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI : If I might submit, Sir, again for your consideration, the narrow point is this. We as a Party are at liberty to give any instructions that we like to the Whip or to Members of our Party as to how they are to vote. Our only offence, as far as I can make out, is that we have declared publicly what would have become known otherwise also. If there is any feeling that that act of candour is by itself equivalent to discrimination or lack of confidence, I venture to suggest that that is not a correct inference to draw.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Since it was on my representation—

THE HONOURABLE THE PRESIDENT : Order, order. You cannot speak at this stage.

THE HONOURABLE THE PRESIDENT : Motion moved :

“That this Council do proceed to elect, in such manner as the Honourable the President may direct, two Members to serve for the remainder of the current financial year on a Standing Committee to be attached to the Department of Supply.”

The Motion was adopted.

THE HONOURABLE THE PRESIDENT : With reference to the Motion which has just been adopted by the Council, I have to announce that nominations for election to the Committee will be received by the Secretary up to 11 A.M. on Wednesday, the 27th November, 1940, and the date of election, if necessary, will be announced later.

## INDIAN FINANCE (No. 2) BILL.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I move :

“That the Bill to alter the maximum rates of postage under the Indian Post Office Act, 1898, to increase the rates of the taxes on income imposed by the Indian Finance Act, 1940, by a surcharge for the purposes of the Central Government, and to increase the rate of super-tax payable by companies, in the form recommended by the Governor General, be taken into consideration.”

[ Mr. C. E. Jones. ]

Sir, the object of the Bill, as will appear from the Statement of Objects and Reasons, is to provide additional revenue towards the cost of the additional defence expenditure which is now being incurred on account of the war, and which is chargeable to Indian revenues. During the discussions on the budget for the current year it was made plain that the provision for defence expenditure which was included in the budget was necessarily limited to commitments as they were known at the time, without any attempt being made to provide for possible developments which, it was fully realized, might well occur as the year progressed. As I stated in my speech in this House on the 29th of February, 1940—

“ One other point which needs to be emphasized is that the budget provision now made covers only such measures as can now be foreseen. A year is a long time to look ahead in these days of kaleidoscopic changes, and it is far from being outside the bounds of possibility that within the year new measures, at present unforeseen and unforeseeable, will be required which may throw considerable additional cost on India's defence budget ”.

Unfortunately we had not very long to wait for the developments then apprehended to materialize. The events of the ensuing spring and summer are too well known and too fresh in our memories to need enumeration here, but it must be clear that the extension of the sphere of active hostilities and the overrunning of countries which were allied to us has brought the war very much nearer to India and has gravely increased India's responsibilities for her own defence. Could we have foreseen when the budget for the present year was under preparation the shocks and surprises that were in store for us, the budget would have been framed on lines very different from those which were actually adopted.

Under the stimulus of the rapid deterioration in the world situation our defence preparations which were already gathering momentum have had to be drastically speeded up. This necessarily involves greatly quickened activity in each of the many fields of defence. All the various measures achieved, in progress or in contemplation have been described in the very complete statement which was made by the Honourable the Finance Member on the 5th of November and which has received wide publicity and, I venture to suggest, a wide measure of approval. There is little doubt that the whole of this vast country is fundamentally opposed to the whole Nazi conception and all that it implies, and that informed and responsible opinion in this country is keenly anxious that the defence preparations of the country should be on a scale not only commensurate with the danger that threatens but also to assist in the overthrow of a system which is fundamentally opposed to its ideals. I am also convinced that responsible opinion will readily recognize the impossibility of having first class defence equipment without paying the price and that it will be willing and prepared to meet the enlarged bill for the expansion of our defence services which under the agreement with His Majesty's Government will fall to be met by India.

At the present stage of our preparations close estimation is impossible, but so far as we can see at present the bill will be of the order of Rs. 33 crores non-recurring, to be met within the next year or two, and a recurring expenditure in a full year amounting to Rs. 16 crores in excess of what was provided in this year's budget. The amount of the additional expenditure which will fall in the current financial year is expected to be at least Rs. 14½ crores debitable directly to the head of Defence, and a further amount of nearly Rs. 2½ crores which will be chargeable to civil estimates, although attributable to

and directly connected with our defence measures. This additional financial strain unfortunately comes just at a time when war conditions are causing a reduction of revenue from our main revenue heads. Present indications are that revenue from Customs and Central Excises taken together will this year fall some Rs. 2½ crores below the conservative estimates which were fixed when the budget was framed, so that notwithstanding the windfall of some Rs. 7 crores in our Revenue Reserve Account from the budgetary surplus of last year we stand to face a deficit in the current year of the order of Rs. 13 crores.

It is in these circumstances that Government feel it incumbent upon them to take some corresponding action on the financial front, and the proposals to which the approval of the House is solicited are embodied in the Bill now before the House. They are, briefly—

- (i) a 25 per cent. surcharge on all taxes on income, including super-tax and corporation tax, which will represent an overall increase for the year as a whole of  $8\frac{1}{3}$  per cent. or one-twelfth ;
- (ii) increases in certain postal rates (not including postcards), viz., the rates for inland letters from 1 anna to one anna three pies, for letters to Burma from 1 anna 6 pies to 2 annas, for letters for Empire countries from 2 annas 6 pies to 3 annas 6 pies and for book packets from 6 pies for the first 2½ tolas to 9 pies for the first 5 tolas ; and
- (iii) a surcharge on bills for inland telegrams (one anna for each ordinary message and 2 annas for each express message) and a 10 per cent. surcharge on trunk telephone bills.

These three proposals are estimated to yield in a full year Rs. 5 crores, Rs. 83 lakhs and Rs. 17 lakhs, respectively, thus giving a total of Rs. 6 crores. As the current year will have run two-thirds of its course before these proposals become operative, the additional revenue which they will give in this year will amount to Rs. 2 crores.

The only points which I think I need stress about these proposals at this stage are as follows :—

(a) *As to their extent.*—They obviously do not profess to fill the whole of the budgetary gap. Even in a full year the revenue from our additional war taxation will not cover half the additional war expenditure and thus an appreciable proportion will be left to be met from the proceeds of our defence loans.

(b) *As to their nature.*—It is plain that the poor man, or even the ordinary small man, will hardly be affected by them at all.

(c) *As to their incidence.*—The burden imposed is strictly equated to the capacity to pay. A flat rate of surcharge on income-tax obviously does not mean equal or even proportionate incidence on salaries of various levels. The incidence of the surcharge will follow the incidence of the ordinary income-tax rates and therefore must necessarily be fair if the pitch of the ordinary income-tax has been fairly determined. Honourable Members will remember that it is less than two years since the amendment to the Income-tax Act considerably steepened the rate of rise of income-tax in proportion to income and at the same time reduced the burden of income-tax on all incomes at the lower income-tax level.



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(d) *As to their application.*—The whole of the additional revenue now proposed, including the proceeds of the surcharge on income-tax, will accrue to the Centre and be used for the purpose of financing the country's war effort.

The only justification which can exist for the introduction of a supplementary budget at this stage of a year can and must be strict and imperative necessity and I think that few will dispute that in the world situation of today that justification exists to the full. Our new commitments are large and still increasing; they are unproductive but inescapable. It would, therefore, be financially indefensible to attempt to meet the whole of our prospective deficits from borrowings alone, and some measure of new taxation becomes inevitable. Few, I think, will seriously urge that the proposals now put forward go too far in that direction in view of the position which I have attempted to outline. The main reaction to the proposals has been, I believe, a mild surprise at their moderation. In fact, I have seen serious criticism offered that the very fact that the receipts likely to accrue in the current year amount to no more than Rs. 2 crores is in itself a proof that a supplementary budget at this stage is not necessary. I have no doubt that had the proposals been more widely framed so as to cover the whole or a major portion of the anticipated gap, these same critics would have used that very fact as a reason for opposing the proposals. Government cannot think so lightly of a sum of Rs. 2 crores as these critics profess to do. This consideration apart, however, I would submit that the proper view to take of this problem is that we are now entering on a phase of heavy war expenditure and the only sound financial policy to pursue is to start right away at the same time on the raising of additional revenue without reference to artificial divisions of time such as the beginning of a financial year. The present proposals have been decided upon as being of a simple and straightforward character, devoid of administrative complications and so capable of being put into effect at short notice without necessitating the creation of fresh administrative machinery. The whole position will be fully re-surveyed at the time of the Budget next February in the light of the latest information then available.

That, Sir, completes the case that I have to present to this House. National defence has become a matter of extreme importance and extreme urgency. All responsible elements in the country have welcomed the intensive measures now being put into effect by the Government for expanding India's defence services, increasing her war equipment, and generally equipping her the better to meet aggression in case of need. I feel confident that those same elements will approach the question of financing this accelerated war effort in a realistic spirit and not grudge such sacrifices as may on this account have to be borne. For it is beyond question that, unless the dictatorships and the system which they represent are utterly and finally defeated, not only would India be extremely vulnerable against the aggression which would inevitably follow but there would also be an end to any hope of constitutional progress and development for this great land.

Sir, I move.

THE HONOURABLE MR. RAMADAS PANTULU (Madras : Non-Muhammadan) : Sir, I rise to oppose this Motion. Before I give my reasons for opposing the Bill, I would like to say one or two words with regard to the attitude of my Party and the reasons for our presence here. It was said in the other House that we are here to make a gesture and demonstration and then go. That, Sir,

is not a correct statement. We are here to voice the opinion of our electorates and of the country on a Bill of this importance which, though a financial measure in name, is a measure which involves large moral and political issues. We shall be failing in our duty if we do not state what the Congress and the country feels about Britain's claim that India is giving her moral and material support to this war. Sir, there is one thing more which I would say by way of introductory remark. It was said in another place that many of the speeches made by Congress Members were such as to rejoice the hearts of Britain's enemies, of Hitler and Mussolini. I assure all sections of this House that we in the Congress Party are anxious to avoid saying anything which will rejoice the hearts of Britain's enemies. We are fully aware of the brutality and the ruthlessness of the aggression of the Nazis and Fascists. All of us feel equally distressed over the fate of many independent nations which are now lying bleeding under the iron heels of these ruthless and heartless aggressors. We have no desire to say anything to encourage them in their work of devastation and subjugation. Sir, when I come to the question of how the Government of India and His Majesty's Government at home have dealt with the Congress demands and how they have dealt with the Congress desire for co-operation, I will show that, far from anything that the Congress has done giving reason to rejoice the hearts of Britain's enemies, what Britain's statesmen have said and done has given more reason to Hitler to rejoice. I will show that Mr. Amery's speeches and the whole attitude of the British Government in India would rejoice the heart of Hitler much more than anything the Congress has done. And when I come to that, I will show how I substantiate my statement.

Sir, with these preliminary remarks I would like to say that what we propose to do today is not in any way different to what we have been doing in previous years. We have always acted on the principle of no taxation without representation and no voting of supplies before redress of grievances. The list of India's grievances is both very long and heavy. The popular House has thrown out the Finance Bills year after year and when they came to this House with a recommendation from the Viceroy to pass them in the form recommended, such of the elected Members of this House as shared the view of the popular House have voted against the Bills. We are following the same course of action today for our objection to this Finance Bill is also largely based on political and constitutional considerations. This particular Finance Bill offends against constitutional propriety as well as the moral and equitable sense of justice to this country much more than any previous Finance Bill. It may be true that on the merits there is not much to be said against this Bill excepting on two or three matters which I shall deal with a little later.

Our main objection to this Bill is that it is expressly intended to provide finances to promote extra war effort and to provide the money for extra war expenditure. Some critics of the Bill have stated that this was an inopportune moment for the Government to have brought forward this Bill which was more of a propaganda nature than of a really financial character. But I do not feel so. In fact, many critics of the Government including the Congress have taken objection to Government not having taken the Central Legislature into their confidence when India declared war against Germany, or even later when Indian troops were sent out of India to fight Britain's battles outside the shores of India. Having said that, I for one do not think that it is right to say that an opportunity given to us even at this late stage to express our views and to record our vote on a measure like this, is an unwise step on the part of the Government. It may be wise or unwise from their standpoint, but certainly, from my standpoint, I welcome it because it gives us an opportunity to test

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by a popular vote how far the claim of Britain that India is behind her in this war morally and materially is justified. Therefore, Sir, I do not take objection on the ground that this is a propaganda Bill, more intended to convince other countries that India is behind this war. I do not also lay much emphasis on the constitutional point raised elsewhere that the proper course would be to ask for Supplementary Demands and not to bring in a Supplementary Finance Bill. Whether a Supplementary Finance Bill can be brought without getting the Assembly to vote Supplementary Demands is not a question with which we are really concerned—

THE HONOURABLE THE PRESIDENT : It is not illegal or improper to do so. It has been done in other countries. In England it was done.

THE HONOURABLE MR. RAMADAS PANTULU : As the Government of India Act now stands, I quite agree that it is open to them to bring in a Finance Bill of this nature, and even if there is any technical objection to it, it does not appeal to me as one on which any emphasis need be laid. I am convinced that this is not the first measure that the Finance Member is bringing here to find money for the war. He started very early with his Excess Profits Bill, and provided for Rs. 8 crores in the subsequent budget and so on. He has been taking steps to find money. But it is his job and he ought to do it. I do not take any exception to it on that ground. But there is something to be said for the position that he could have waited till the normal budget session to make proposals of a more comprehensive nature and convince us of the necessity of voting supplies to the Government. After all, for the remaining part of this year, he expects to raise about Rs. 2 crores from the taxation which will be the outcome of his Bill. That seems to me a very small amount, considering the huge expenditure of the Government of India. Rs. 20 lakhs a day, I believe, is being spent and they want Rs. 68 crores for extra war expenditure. With their normal annual budget of over Rs. 100 crores, could they not have waited for three or four months and found these Rs. 2 crores without bringing in this Bill at this stage ? Unless, there were exceptionally good reasons for bringing this Bill at this stage, I think they might have done very well not to have brought it in now but to have waited till the budget session.

Now, Sir, you might ask me, " Why is the Congress Party voting against this Bill " ? Firstly, because, this war, as has already been said several times by people whom I call responsible in this country, is an imposed war. This is a war into which Britain has dragged India without the consent of the people of this country. I know you will say that the constitutional position of India is such that it does not permit her not agreeing to declare war against Germany if Britain declares war against that country. You may say so, but there is such a thing as a moral responsibility for taking the people of the country into confidence and getting their consent even if it is not constitutionally necessary to do so. It may not be constitutionally necessary but nobody will say it is constitutionally *objectionable* to do so. I feel that if, when war was declared early in September, 1939, some effort had been made to take the people of this country into confidence and the Legislature was consulted—not informally, but formally—about the necessity of the Government of India also declaring war and sending Indian troops for service abroad, the position might have been different.

THE HONOURABLE THE PRESIDENT : Will you please tell me of any other country where the Government, before declaring war, first consults the Legislature ?

**THE HONOURABLE MR. RAMADAS PANTULU :** Yes. In South Africa they were consulted. There was very close voting and I think it was by a majority of one or two in the South African Cabinet that they decided that South Africa should declare war against Germany.

**THE HONOURABLE MR. R. H. PARKER :** In the Cabinet ?

**THE HONOURABLE THE PRESIDENT :** That is quite different.

**THE HONOURABLE MR. RAMADAS PANTULU :** But the Cabinet is responsible to the Legislature. The South African Cabinet can be turned out by the Legislature if they did not agree. Therefore, it may be taken that the Cabinet had the support of the Legislature. If we had a responsible Government, we feel the Government of India would be consulted, but unfortunately the Government of India consists of irresponsible people here, in the sense that they are not responsible to the Legislature or to this country—

**THE HONOURABLE MR. HOSSAIN IMAM :** Did not the Congress encourage a war against Hitlerism ?

**THE HONOURABLE THE PRESIDENT :** Order, order. You have no right to interfere at this stage.

**THE HONOURABLE MR. RAMADAS PANTULU :** Ireland chose to remain neutral and I do not know exactly what is happening in Egypt. I think Egypt has not so far agreed to declare war against Germany or Italy. Leave alone the constitutional question. As a matter of prudence and good tactics, the Government of India, I believe, would have done well to have consulted the Legislature before they actually sent out troops from India. The Honourable Sir Zafrulla Khan, Leader of the other House, quoted abundantly from the speeches of the various Congress leaders in the earlier stages of this war. The atmosphere at that time was not so bitter as it is today. My own feeling is—and I say it without committing any Congress leader to this position—that had we not known so thoroughly the mind of Mr. Amery with regard to the future constitution of India, we would not have been so bitter against England even in the later stages. I think the whole case of the *bona fides* of England has been given away and what little chance there was of England securing the moral support of this country had been completely ruined by the wonderful Secretary of State now functioning in England. But such a catastrophe had not overtaken the country at the time war was declared.

**THE HONOURABLE THE PRESIDENT :** We are liable to serious danger now.

**THE HONOURABLE MR. RAMADAS PANTULU :** I know. I will come to that later. I think if at the beginning of the war the Legislature had been consulted the results would have been different.

With regard to sending out of India troops from India to fight in other fields, it is true that the Government of India and the Government of England have power constitutionally to extend India's frontiers ; but you are aware that a convention has been set up by which the Government of India agreed to consult the Indian Legislature when troops are to be sent out of India. Even that has not been done.

**THE HONOURABLE MR. HOSSAIN IMAM :** Mr. Jinnah and Mr. Desai were informed in Bombay.

**THE HONOURABLE MR. RAMADAS PANTULU :** That is not consulting India. Of course Mr. Jinnah will say the Congress is not India, and I will say that Mr. Jinnah is not India either.

**THE HONOURABLE THE PRESIDENT :** The convention you refer to applies to every-day administration, not to special cases such as war.

**THE HONOURABLE MR. RAMADAS PANTULU :** No, Sir, I want a consultation even in war emergency. Are countries to allow their nationals to go and fight elsewhere without being asked about it? I am told 60,000 troops are fighting outside India in this war but nobody knows where they went, how much is being spent on them by India or where they are operating. No political party which commands the confidence of the people of this country can be expected to vote funds for waging a war in which her nationals are taking part without information to or sanction of the Legislature. Therefore, I say this is an imposed war and Government has not done the little it could have done even under the constitutional restraints under which we are labouring to convince the people of this country about the necessity for India's participation. Sir, I do not wish to elaborate this position. I contend that it is not the strict constitutional position that matters. It is certainly the duty, may be moral, imposed on the Government to act in a more responsible way and also to respect the convention which the Government itself has already accepted, namely, to consult the Legislature before sending troops out of India.

The second reason for our opposing this Bill and refusing to vote supplies for this war is the way in which the defences of this country have been managed. India is today totally unprepared. If Italy or Germany or Japan were to invade this country all we could do is to give way to them helplessly. We cannot really defend ourselves. Details have been elicited as to anti-aircraft, aeroplane, tanks, and other equipment built in India. The Government admit that India is wholly unprepared to defend herself if she is attacked. Well, Sir, when we raise this question of the defence system of India not being built up properly, we are met with the answer that the Opposition has always been criticizing the Government's defence expenditure and saying it is extravagant. I think that is a misleading argument. The Opposition never objected to a proper national defence system in this country being built up. What we objected to was the dissociation of the nation from the army and the building up of a more or less mercenary defence system controlled and managed by Britain. We would have voted supplies very gladly for the army, navy and air force in India if they were managed and controlled in the way in which such forces are in self-governing countries. Our objection was to spending a large amount on a foreign army, an army and other defence forces which are outside the control of the people of this country. Our objection therefore was on quite different grounds, which have been perverted. Yours is not a true statement of facts. The helplessness of India in matters of defence today is the result of a deliberate policy of disarming the people of this country and maintaining a defence system sufficient only on the basis of adequate help from Britain forthcoming in an emergency. On that basis it has been considered enough hitherto; but all those calculations are now upset and today England is not in a position to help us against external aggression. This, Sir, is another reason which leaves us no alternative but to vote against supplies for this war.

We have still another reason. With regard to war equipment, India is now unable to supply many of the things which the army, navy and air force want. I do not say that as soon as the war was declared the Government of India should have been in a position to transform this country into a self-sufficient industrial country. That is obviously impossible. You cannot transplant factories from other countries and set them up here or build them up in a day. But my complaint is that you have brought India to this plight by the steady imperialistic policy of making India dependent upon England and other countries. You have ruined our industries. You have not allowed us to build our merchant vessels. Our ship-building industry was ruined. Our industrial plants are not able to make munitions ; we cannot manufacture aircraft nor automobiles. Who is responsible, I ask, for the present state of India which England itself must be deploring today ? I think it is the heartless policy of exploitation and foreign domination that is responsible for the state of utter helplessness of India in regard to industrial equipment and supply of war materials.

Sir, I think these three reasons ought to be enough to justify our voting against this Bill. But even more important than the considerations I have already mentioned is the consideration of Britain's treatment of the offer of this country to co-operate with her in this war. I do not wish to take this House through the various stages through which the Congress offers have gone before Mahatma Gandhi finally decided on starting the individual satyagraha or the civil disobedience movement. Its history is fairly well known, I will say that from the various declarations made by the Congress, the resolutions passed by the Working Committee and the statements made by Mahatma Gandhi and other responsible leaders you will find that there can be no justification for saying that the Indian National Congress ever attempted to embarrass the British Government in the pursuit of this war. They have done nothing to embarrass the British Government even up to this moment. I only ask you to read without anti-Congress bias the resolutions passed by the Working Committee of the Indian National Congress. All along we proclaimed that if England was really fighting this war either for democracy or a world order based on democracy and was prepared to implement to that ideal in regard to India our whole-hearted co-operation was with Great Britain. We also said that there was nothing inconsistent between democracy for India and democracy for England or democracy for the world. What we did say was this : their war aim was incompatible with England continuing to perpetuate her domination and exploit this country for its own advantage. If you want to sustain your imperialism in this country and if your imperialistic aim is to keep India under political and economic subjection then this war is not being fought for redeeming democracy or for creating world order based on democracy. Therefore we asked you please tell us whether if we help you in this war and if we throw our full weight in this struggle for the preservation of civilization and the freedom of the world then will you stand by your pledge to implement that aim in regard to India ? We have received no answer so far. On the other hand we have received answers which far from convincing us that Britain is fighting to implement her objective of democracy in her relations with this country has shown us that England is determined to pursue as before her imperialistic aims and to keep India in subjection. We are now absolutely convinced about it. Mr. Amery, speaking in the House of Commons, made it clear that the actual circumstances, internal and external, of the Indian situation make it impossible for Great Britain to part with power or make over the Army, Navy and the Air Force to the control of a national government. He definitely told us in so many words. What those external circumstances are he has not revealed. He dealt with the differences between the important

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communities in India and evidently referred to it as the internal circumstances. I am not here today to tell you what the differences are between the Muslim League and the Congress ; but everybody knows that both the Muslim League and the Congress today are united on the question of getting freedom for India. Mr. Jinnah has plainly stated that he is not prepared to co-operate or accept the Viceroy's offer because Government have not shown any inclination to part with power. The Congress has said the same. It may be that Mr. Jinnah and the Congress have different solutions as to the exact manner in which the power is to be transferred. But both want that Government's both in England and in India should vest India with power and responsibility and no longer treat themselves as the trustees or the custodians of this country. On that we are agreed. Therefore, the Congress and the Muslim League have no quarrel over the independence issue : they are united in their demand. Is England really prepared to leave the solution to us ? So long as evidence of such preparedness is not forthcoming we cannot co-operate with the Government in this war.

I will say a few words more about the attitude of the British Government. Mr. Amery, I think, rather indulged in a grotesque caricature of our demand for a National Government. He pretended not to have understood the meaning of the Congress demand. He made it appear as if the Congress wanted the sort of government which is packed with Congressmen and based upon a Congress majority vote in the Legislature. He is entirely wrong. We left no doubt as to what kind of national government we wanted in India as an interim measure. Firstly, we did not ask for any change in the constitution of the Central Legislature during the war ; for the period that the national government is allowed to function here as an earnest of England's desire to give full responsibility to this country in due course. The Central Legislature as constituted at present is not composed of a Congress majority. In the Assembly only about 45 members in a House of 140 of all sections represent the Congress. Therefore, it is a wrong assumption on which he based his criticism. It is the case of giving the dog a bad name to hang it. I will further elaborate what exactly we wanted. I will use as far as possible words used by responsible leaders of the Congress. First of all we said that the national government should be broadly representative of public opinion represented in the Central Legislature. We did not want any change in the composition of the Central Legislature or a change in the system of election pending the final settlement of the constitution. In the Central Legislature public opinion is represented very widely and the Congress has—

THE HONOURABLE THE PRESIDENT : What do you mean by " representative public opinion " ?

THE HONOURABLE MR. RAMADAS PANTULU : That is what we said.

THE HONOURABLE THE PRESIDENT : I cannot understand it.

THE HONOURABLE MR. RAMADAS PANTULU : The various electorates in the country are representatives for this purpose.

THE HONOURABLE THE PRESIDENT : You go one way and the Muslim League goes the other way. How will you make it representative of public opinion ?

THE HONOURABLE MR. RAMADAS PANTULU : There are different parties and they may vote in different ways but the resultant vote represents

public opinion. In a system of party government public opinion should be ascertained through the vote of the House as a whole. Then we said as a further concession that the national government at the Centre should be such as will enable it to work harmoniously with the popular governments in the provinces. Even in the Congress provinces the Legislatures are not entirely composed of Congressmen. Therefore, we wanted that the Central Government should be enabled to work harmoniously with the popular governments in the provinces.

**THE HONOURABLE MR. HOSSAIN IMAM :** No national government in the provinces ?

**THE HONOURABLE MR. RAMADAS PANTULU :** No. The demand did not include the provinces. It was confined to the Centre. So that this qualification will also show that we had no desire to have the national government in the Centre packed with the Congress Party. We expressly stated that the national government in the Centre should be an all-party government enjoying popular support and endowed with *de facto* though not with *de jure* powers. Sir, it is an all-party government we wanted, a government which enjoyed popular support, and a government which controlled in practice if not in legal theory the whole field of administration.

Sir, these are the conditions we have stipulated in regard to the nature of the national government to be set up. What is the answer we have got ? Except reiterating the old bogie of communal differences and the fear of British responsibility being trenched upon and vested interests suffering, we have had nothing. In fact, Mr. Amery's speeches in the House of Commons and at the luncheon of the English speaking Peoples Union are examples of political perversion. He argues against an imaginary case which was not put forward by the Congress. Sir, reading the speeches carefully, I think he is determined to see that no communal settlement is arrived at between the various communities in the country. I think he wants to accentuate communal differences. If I had any doubts about his intentions after reading his speeches in the House of Commons, in the India Debate, those doubts were removed when I read his speeches at the London luncheon. That was a clear indication of his mind that the gulf between communities should become more and more wide. He said this may be, that may be ; but apart from that, to the extent that any clear indication of what was in his mind was given, I understood him to say this. First of all, he said, the provincial boundaries may have to be readjusted to make provincial governments more effective. I have taken him to mean that he may want to create more provinces ; no doubt he does not say Hindu or Muslim. He is not satisfied with Sind and the North West Frontier Province. He may like to divide Bengal into East Bengal and West Bengal so that he can balance the Hindu majority in West Bengal with the Muslim majority in East Bengal. I read a very sinister motive into his various suggestions. He also said that it may be that in the future Government of India the powers of the Central Government will have to be greatly circumscribed within closely defined limits. And he said that the functions of the Provincial Governments might include all residuary powers and only defined powers would be vested in the Centre. I know there is a difference of opinion in this matter ; I know that, while the Congress wanted the residuary powers in the Centre and the functions of the Provincial Governments to be closely defined, the representatives of the Muslim League wanted that the powers of the Centre should be narrowed down and those of the provinces enlarged with regard to functions. He foreshadowed functional representation which will accentuate communal disequilibrium. So his several suggestions are not going to help



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us to a solution. He need not thus insidiously have taken sides. He might have been content with the usual slogan : "Settle the matter among yourselves". But even that was not the spirit in which he spoke. So that the whole of Mr. Amery's luncheon speech in London is a clear indication that, if it represents the view of His Majesty's Government as a whole, the Government in Great Britain is not anxious even to give facilities for the various communities to come to a settlement.

Then, Sir, after this exhibition of the mentality of the British Government with regard to the solution of the internal situation, it is no use pleading the internal situation as a bar to the transfer of power. Well, Sir, the Viceroy's speech was certainly more courteous and dignified as compared with Mr. Amery's. He has reiterated his invitation to representative parties to join his extended Council. The door is open still. But even a thin man cannot get in, much less a man like Mr. Parker.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-Official) : Why don't you try, and then say : it has failed ?

THE HONOURABLE MR. RAMADAS PANTULU : Sir David Devadoss has evidently in his mind the faith that even a camel may go through the eye of a needle, but that is not possible in human experience. Sir, I should like to ask a question. Mr. Jinnah wants more than two representatives of the League on the Council. Suppose we are prepared to concede three ? But I ask this question in all humility. Does the Viceroy of India or the Secretary of State expect a member of the Hindu Mahasabha or a representative of the Congress to join the Government of India, to become a Member of the extended Executive Council of the Viceroy without knowing something of the ultimate policies of the Government on issues like Pakistan or division of India ? Will he make himself responsible as a Member of Government without knowing what the Government stands for ?

THE HONOURABLE THE PRESIDENT : They were invited to mould their policy. How can you say that the Government should let them know beforehand ?

THE HONOURABLE MR. RAMADAS PANTULU : Well, Sir, when we are invited to join the Government of India without responsibility in a legal sense but only with the function of advisers to the Viceroy, it is hardly worth while going there without knowing where we are. Of course, if there is a responsible Government or even a dominion constitution, I can quite understand that this objection is valid.

THE HONOURABLE THE PRESIDENT : How can a regular constitution be framed now, when the war is on ?

THE HONOURABLE MR. RAMADAS PANTULU : So far as I can see, Sir, there is no indication of the Government's mind even in regard to the demands for an interim national government and I think it is impossible, it is my feeling that it is impossible, for either the Congress or the Hindu Mahasabha or any political party worthy of the name to enter the Viceroy's Council ; or even for any representative of the Muslim League, to serve on the Council without knowing something of the mind of the Government. I do not think any man with a sense of responsibility will agree to do that.

And especially after we know how Mr. Amery's mind is working though I am glad that the Viceroy has not so far given an indication of his mind also working in the same way. But, looking at everything—though I do not doubt the sincerity of the Viceroy, it is impossible to accept his invitation. (*An Honourable Member*: Because your party was jealous.) Not only my party. Does any party accept it? The answer to Mr. Amery and to the British Government is that it is not only the Congress alone that has declined the invitation but that every political party with any credentials behind it has refused. There is not a single representative Indian who has accepted. I am afraid there are no friends of the Government of India left in this country, unless they create them in future.

Therefore, Sir, looking at the attitude taken up by the British Government in regard to the Congress demands, we find it absolutely impossible to vote for this Bill, to vote supplies for this war. At the beginning of my speech, I referred to the fact that far from Congress saying anything to rejoice the hearts of the enemies of Britain, the British statesmen have done what is likely to rejoice the hearts of these enemies. Hitler, whatever he is, is no fool. He is an astute diplomatist. He can read Mr. Amery's speeches and understand. Well, he can clearly see that the British Government is not anxious to bring about a settlement of the Indian question, the British Government is not willing to part with her power over India, relax her hold upon India, or mitigate the rigour of her economic exploitation of this country. He is certainly a good enough diplomat, at least of the standard of Mr. Amery, and therefore I think Mr. Amery's speeches must have convinced Hitler that the gulf between India and England is widening on account of what the British Government is doing and not because of what the Congress has been doing. Therefore, to say that we in this House have said anything to rejoice the hearts of the enemies of England is not right. It is what the British statesmen themselves are doing, what the British Government is doing, and what the representatives of the British Crown in this country are doing, that is likely to rejoice the hearts of Hitler.

Now, Sir, one or two words on the merits of the Bill itself. Generally speaking, if we were supporting Britain in this war, I personally would not object to any item in this Bill. It is a fair taxation measure on the merits, though I would criticize it on grounds which are financial no doubt, but which are not within the four corners of the Bill. Whatever may be said about the enhancement in the postal rates, the surcharge on income-tax is one to which I will not object, if I am supporting the expenditure on the war itself. I am opposed in principle to the Post and Telegraph services being made the means of levying indirect taxation. But, as the Finance Secretary has pointed out, it is not likely to hit the poor man very much. The postcard rate is not being raised. It will largely affect the well-to-do man. I am not disposed to criticize severely that portion of the Bill. The three comments on which I would like to say something are these. First of all, there has not been an adequate effort on the part of the Government of India, at any rate in my opinion, to retrench expenditure. There has not been a real economy drive. No doubt we are assured that all wasteful expenditure has been eliminated. But that is not the feeling of the people of this country. You are creating a number of posts on high salaries. The salaries may be adequate, judged by the standards to which the Government of India have been so accustomed, but I feel that the salaries are exceptionally heavy and in a country like this, which is poor, and when you are trying to impose additional taxation, you ought to have made every effort to retrench expenditure. There has been no adequate and genuine economy drive. I am not satisfied—and many people in this country are not satisfied—that the Government of India have

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done their best to keep down expenditure and to keep taxation as low as possible. Then there is the criticism against the Supply Department. To my mind, it is a very bloated Department. It is not only the Congress people alone who have criticized it. Even journals like the *Statesman* have pointed out that it has not been functioning efficiently. I have heard various complaints but as I have had no means of verifying them, I will not deal with them. But to take one example. In our Province of Madras, Cochin and Travancore had some industrial enterprises. A very responsible gentleman told me that they have not had a fair deal from the Supply Department. There is a coir industry on which about half a million people live and their markets have been cut off with France and other countries which are not now open to them for export. The number of unemployed people is growing and Government in the Supply Department could have given some relief by finding a market for the coir products of Malabar, Cochin and Travancore. I am told that the Supply Department's attitude is one of apathy. Again, Travancore is the third large supplier of timber, being next to Burma and Assam. But I am told that they have not had a square deal from the Supply Department in regard to the requisitioning of the necessary timber supplies for war purposes. There are a number of other examples. On the whole, the feeling in the country is that the Supply Department involves a huge waste without adequate efficiency. That is another reason on the merits to vote against this Bill.

Sir, today Government have made an effort to associate the elected members of this House and the other House with the Supply Department. Though my Party, having regard to our attitude in regard to the war, cannot go into that Committee, we recognize the usefulness of this measure. But it all depends on how these representatives are treated. Whether they are kept as the so-called untouchables outside the portals of the Supply Department and only given some information which the Department chooses to give or whether there will be given a real and genuine opportunity to study the working of this Department and to tender advice in all essential matters remains to be seen. The Government of India have in the past created committees and advisory boards which are merely administrative ornaments. They are not intended to function except to the extent Government want them to function. If that is the spirit in which the Supply Department Standing Committee is going to be worked, it will not serve much purpose. However, let us wait and see.

If there had been retrenchment and economy, if the Supply Department had been less expensive and more efficient, and if on the whole the Government of India's Supply and Stores Departments had not shown undue favour to foreign concerns and helped indigenous concerns to supply war requirements, I think nothing could have been said against the merits of this Bill.

So far, we have no information as to what the results of the labours of the Eastern Group Conference have been. In this connection I must say that India is expecting the Government of India to do something to place the industrial development, with which they are now proceeding as a war effort, on a permanent basis. In the last war we had the experience of industries which were encouraged to produce war materials to supply the armies and civil departments with their requirements being scrapped as soon as the war was over. No encouragement was given and many of them collapsed. Therefore, if the present effort of making India self-sufficient in regard to the production in India of war material and also supplying the civil needs in relation to the war results in a genuine industrial development something should be done

to place the industrial equipment on a permanent basis in peace time, we hope that the Government of India will not follow their old policy in this respect.

I do not wish to detain the House longer. I would say that so far as we are at present situated, we are not in a position to support the British war effort. Why should we fight this war? What is it you are going to do for us? Don't think I am bargaining. If I am bargaining I am doing so from a negative standpoint. I am not asking you to give us any promise of what you will do positively. I am asking you to at least give us a promise of a negative character, that you will not persist in continuing your Imperialist held of India and will not persist in exploitation and domination as hitherto. Speaking for myself it is only a negative declaration I want. What you will concretely do for us, I leave over for consideration till the time comes for it.

Sir, we oppose this Bill. I will repeat once more for we are not satisfied that there is the least inclination on the part of Britain to loose its hold on India or give up its desire to look upon India as its possession in a very sense. We have no faith in the *bona fides* of

their ultimate intentions. You have not made it clear that your policy will change. You say this is our war. It is not our war in any sense. Mahatma Gandhi has clinched the issue when he said that Britain has laboriously built up the Indian Empire on four pillars, the European interest, the army, communal division and the Princes. He said you are supporting yourself on those four pillars. I find that there is an insistence upon maintaining these four pillars in their present condition. If at all, the intention is to strengthen these four pillars and not to weaken them. So long as that attitude is there, Gandhiji says that we cannot help you in this war. He is a man who feels intensely and acutely when he has to say anything against Britain. He has been a friend of Britain. When he wrote in one of the latest issues of the *Harijan* that he could not pray for the success of British arms, if it means a further lease of life for India's subjection and for forging domination, he said he wrote that sentence with a heavy heart. Therefore, we say that if this war means a perpetuation of India's subjection, we cannot vote for this Bill. Sir, I think the Finance Member in the other House has asked people to vote for this Bill because every vote cast for the Bill is a vote against Hitler, and every vote cast against the Bill is a vote for Hitler. From the Indian standpoint every vote cast for the Bill is a vote for the continuation of the subjection of India, every vote against the Bill is a vote for the removal of imperialism in this country. Therefore, I feel that it is the duty of every elected Member in this House to vote against this Bill and show that India is not with England in this war morally. A great deal has been said about the voluntary effort forthcoming in India by Mr. Amery. He has given impressive figures in the House of Commons. But a few people coming forward to accept jobs in these days of unemployment, and a few crores being invested in war bonds by capitalists with surplus wealth are certainly not indications of willing co-operation with Britain. The Congress has not done anything to prevent collections to war funds. We have only protested against coercion being used through official agencies. Divest the official agencies of these functions and see how much will be realized. Therefore, it is not right to claim that India is with you in this war. I therefore hope that at least the elected Members of this House will vote against it. I am not casting aspersions on the nominated Members. Some of them may vote with us. Mr. Joshi has done so in the other place, and I shall be very glad if Sir A. P. Patro will vote against this Bill. We have just heard them say, Sir, that they are as independent as the elected Members, and I hope they will justify their claim and vote with the

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elected Members on this side of the House. It will prove that India is united in the demand for freedom, and the nominated non-official Members vote with India.

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

The Council reassembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay : Non-Muhammadan) : Sir, since the House met in March last for the annual budget, many unexpected things have happened to add to the anxieties of the Honourable the Finance Member. No one could then have anticipated the series of reverses in Europe, culminating in the sudden and complete collapse of France during the summer. Before proceeding further, I hope, Sir, that you will permit me to pay a sincere tribute to the splendid spirit of resistance of the British people. No one, I venture to observe, whatever may be his political opinions, has failed to be moved by feelings of the deepest sympathy and of admiration for their heroism, not only of the men but of the women and children, in standing up to the terrible air raids over London and other parts of Britain.

Sir, the proposals submitted to this House for fresh measures of taxation represent, in my opinion, only a fraction of the burden which the people of this country will be called upon to bear during the course of this war. The Honourable the Finance Member has already announced the details of the schemes of defence which the Government of India have felt compelled to introduce to meet all possible dangers to the country's safety. Sir, speaking on behalf of the Indian commercial community, I have no doubt that these measures have already created a sense of greater security in the country and are generally welcomed by all classes. In fact, the general criticism against the Government of India in this respect is that many of these measures have come so late. It would have been far better for the defence of this country, if those in charge had shown greater foresight and applied their minds more seriously to the problem of India's defence during the years that lie behind us. Sir, I take the present policy as an indication that the British Government at last realize that if adequate opportunities had been given to the youth of the country to take their proper place in the armed forces, whether on land, at sea, or in the air, millions would have been ready at the outbreak of war to assist the British Commonwealth. It is to be hoped that the experience of this war at least will not be lost, and no obstacles will remain in the way of the people of India in undertaking the burden of defence.

Sir, I accept at the outset the fundamental need for more expenditure on defence in these abnormal times. But what I must emphasize is the fact that adequate steps have not so far been devised to take the people into confidence in connection with this additional expenditure. In the first place, even now we do not know enough about the numerous activities which the Government of India have organized in a short time. It is impossible for us, without adequate knowledge, to feel certain that this expenditure has been properly scrutinized and waste eliminated as far as possible. It is a matter for regret that the suggestion of a Committee of Members of the Legislature to control the expenditure of the Defence Department has not been acceptable to the Finance Member. Sir, I have no doubt in my mind that such a gesture on his part would have secured him the ready support of large sections of the public for the measures he has now brought forward.

Sir, one cannot shut one's eyes to the fact that the Congress Party, by the attitude it has adopted, is doing a great disservice to the country. Members of that Party were sent to the Legislature to look after the interests of the people and to oppose, if they so chose, measures which they regarded as undesirable on their merits. Their policy of abstention from the Legislature is an enigma to me. By this policy they are only helping the Government to go ahead with measures of new taxation and to increase expenditure on administration. During the years 1929—1932 when the Congress Party remained outside the Legislature, the country had to bear additional taxation to the extent of about Rs. 30 crores. During the last budget session, while new taxes were being imposed because of the war, the Congress benches in both Houses were empty. I do not suggest that they could or should have prevented all this new taxation. But I do say they could have provided that check on hasty legislation and extravagant expenditure which the Opposition provides in all democratic countries. From that point of view, Sir, their absence from the Legislature is a disservice to the people.

Sir, I must give expression to my view which I am confident, is widely held that there is no more important objective before us than the defence of our country. With dangers threatening India's security on all sides we cannot afford in this crisis to sit back and discuss whether the Legislature should have been consulted before the declaration of war. The main and indeed the only issue on which we should concentrate is to put aside our internal differences for the time being and to act as one unit. The political situation in the country has deteriorated rapidly within the last few months. No one whether he is a politician or businessman can find any satisfaction in the gathering of the clouds on India's political horizon at the present juncture. The failure of the negotiations between His Excellency the Viceroy and the Congress, the Muslim League, and other organizations to come to terms is indeed a tragedy and may lead us all to disaster unless a fresh effort is made to evolve a settlement acceptable to all sides.

Sir, I would like to deal briefly with the Finance Member's proposals for fresh taxation. I must confess I cannot see eye to eye with him in his proposals for an increase in postal, telegraph and trunk telephone rates which is bound to affect all classes of people in the country.

With regard to the imposition of a surcharge on income-tax, I want to draw the attention of this House to the fact that what is of importance in a new taxation measure is its cumulative effect. May I take the instance, to elucidate my point, of those whose incomes are above Rs. 8,000? The introduction of the slab system resulted in an appreciable increase of the burden on them. In addition, they have now to pay a further 25 per cent. I should like the Finance Department to work out the precise increase in income-tax, in so far as it affects this class of persons. It would be instructive to calculate how much a man, with an income of a lakh of rupees, has to pay by way of income-tax, super-tax, excess profits duty—not to mention the higher railway rates, postal rates, telegraph and telephone charges.

Sir, my main point is to emphasize the fact that the incidence of taxation is growing at a rapid rate. We were promised at one time an enquiry into this question by the Government; but so far as I know, nothing has yet been attempted in this direction. The burden of taxation in this war is already much greater in proportion to our capacity than during the last war. It is this feeling which prompts me to repeat the suggestion that I made in March last that the Finance Member would have been wiser to have had greater recourse to loans rather than to taxes. The loan programme of the Government

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of India during this war has been poor in comparison with the last war. I have no doubt that if loans could be made more attractive, adequate investments will be forthcoming. After all, Sir, this war is being fought as much for future generations as for the present.

There is one other point, Sir, in regard to income-tax which I would like to bring to the notice of the Finance Department. The administration of income-tax leaves, I regret to say, much to be desired. Little has been done to remove the anomalies and the causes for complaint which have crept into the working of the Department. To take one example, on all complaints submitted to the newly-created Income-tax Tribunal, one is required to pay a stamp duty of Rs. 100. This duty is in effect so deterrent, especially in cases of assessees of moderate incomes, that people have to think twice before going up to the Tribunal. I put it to the Honourable the Finance Member whether, in the case of an assessee who is called upon to pay Rs. 200 or Rs. 300 as income-tax, he will be in a position to pay such a heavy stamp duty as Rs. 100 for the privilege of an appeal to the Tribunal. I know, Sir, there are many such persons who put up with injustice rather than risk the loss of another Rs. 100 in an attempt to get a decision reversed by the Tribunal. This is a matter which needs investigation by the Department.

Let me give another instance, small though it may seem ; but it affects a large number of widows and children who live upon the incomes derived from the small savings left to them. In the villages and towns such savings are invested, not with banks, but with local, charitably-disposed men of position. In many cases interest is given at 6 per cent. by these persons, though the current rate has fallen to 3 per cent. But under the law, income-tax at 2 annas 6 pies in the rupee must be deducted from these small amounts and these poor parties are given the option to claim the refund. In effect, however, this option is no relief, for they do not know how to claim refunds and cannot understand why such a large slice of their incomes should be taken away by the Government. I trust, Sir, that the Finance Department will enquire into these complaints and remove such causes for complaint against the Income-tax Department. I would like also to urge on the Finance Member to enquire whether the cost of collection is not increasing at a much greater rate than the increase in receipts.

Sir, we are told that in times of war sacrifices must be borne by the comparatively richer class of people, and that therefore this measure is fully justified. But it seems to me, if I may make the remark, that the Government of India should set an example by revising the scale of salaries in the Secretariat. The salaries of Cabinet Ministers in other countries, even in Britain, are not so high as those of the Members of the Viceroy's Executive Council. The salaries and emoluments of the Imperial Services in India are the object of envy all over the world. These extravagant salaries are not consistent with the sacrifices that the taxpayer is and will be called upon to bear. I am fully acquainted with the argument that a cut in salaries in the higher ranks of the Government of India Secretariat will not bring in a large sum of money. Nevertheless, Sir, I maintain that its moral effect will be great, and I do hope that the Finance Member will turn his attention to that aspect of the problem. I feel bound to say that the line of reasoning he adopted in the lower House last week on this point failed to carry conviction. The scale of salaries in Whitehall is much lower than in the Government of India Secretariat, though the rates of income-tax in Britain are very much higher. The Honourable the Finance Member observed in another place that with the new rates of income-tax and the proposed surcharge, a Member of the Executive Council

would contribute 30 per cent. of his salary as against 24 per cent. formerly. Sir, may I point out that 30 per cent. of Rs. 80,000 a year is not a very heavy sacrifice? Men in business not only bear the same burdens, but are frequently invited to make substantial contributions to the war purposes fund or other similar funds. Arguments such as those used by the Honourable the Finance Member are not likely, I am afraid, to encourage non-officials to respond to the appeals for war funds. In these matters, officials of the Government of India should give a lead to the rest of the country.

It is not only on the civil side that this question of high salaries deserves consideration. There is more than a likelihood of the army in India being expanded to several times its normal size. The scale of salaries for officers of this huge army is determined by British standards. It is a well-known fact, Sir, that even Indian officers who join the army, though they receive salaries which, according to Indian conceptions would be regarded as liberal, find it extremely difficult to make both ends meet, because of the extravagance and the artificial standards forced upon them in their regimental messes. What we want is not only an Indianized army, but a nationalized army, with its conceptions and outlook Indian and not British. In making this observation, Sir, I am suggesting no racial distinction. But I do feel concerned about the financial effects of conforming to British standards of pay and allowances for the very large number of officers who will be required for the newly-created army in this country.

Sir, I would now refer briefly to the urgent need for removing all suspicion from the minds of the people regarding war expenditure. Something must be done to satisfy the taxpayer that his money is not wasted by extravagance. The Honourable the Finance Member will, I am sure, Sir, appreciate the difficulty of elected Members of this House in continuing to accord blind support to taxation measures unless he is in a position to give two assurances: one, that the money is spent in the most economical manner and secondly that these war-time burdens will be removed at the earliest possible moment and in any case will not last beyond the duration of the war.

So far as the Supply Department is concerned, I must give expression to the general feeling that orders have hitherto gone far more to British firms than to Indian firms. It is urgently necessary to counter this feeling by a frank declaration of the Government's policy. I read, Sir, with considerable surprise and disappointment the Honourable the Finance Member's explanation in the other House for not charging His Majesty's Government the three per cent. commission on purchases made in this country on British orders. May I ask him whether a reasonably large portion of the purchases made by the Supply Department are not intended for Britain? Has he calculated what in proportion are the purchases made on India's behalf in Britain? Sir, the Honourable Mr. Dow sought to win over the assent of this side of the House, in his speech on the main budget in March, to the expenditure on the Supply Department by the argument that the commission charged went towards meeting the establishment charges of his Department. Now, Sir, we are quietly told, when the Department has been expanded beyond recognition, that we must bear the entire charges. The plea of reciprocity which the Honourable the Finance Member has put forward is, if I may say so, a flimsy argument which cannot convince any businessman.

The announcement of the Government's decision to appoint a Standing Committee consisting of elected Members of both Houses must be welcome to everyone. At the same time, Sir, I earnestly hope that this Committee will



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meet frequently, and that nothing will be concealed from it. Every opportunity should be given to the Committee to go into the details of all the activities of this Department.

Sir, I would like also to say a few words regarding the future. We have been warned by the highest authority that while the ultimate outcome of this war is beyond doubt a British victory, it may prove to be a long war. The Prime Minister in Britain has referred to 1943 and even 1944 as possible war years. The Finance Member must therefore take a long view and consider how far the agriculturist in this country who, in the ultimate, bears the main burden of administration, will react to this colossal scale of expenditure. During the last war, the prices of agricultural commodities rose, and the peasant was able to meet the extra expenditure resulting from the war. There was the same expectation at the beginning of this war. But these expectations have failed to materialize during the last few months. There is keen disappointment among the agriculturists that our export trade has dwindled and suffered considerably on account of the loss of large markets. The prices of cotton have gone so low that the large number of cotton-growers will find it extremely difficult to make both ends meet. In this connection, Sir, one cannot but view with a certain amount of fear the further possibility of developments in the Far East hitting the cotton-grower even harder in the months to come. The story of jute and many other crops is the same. Sir, the British Government generously arranged to purchase the entire cotton crop of Egypt recently, in order to help the Egyptian farmer out of similar difficulties. May I not suggest that the responsibility of the British Government to the agriculturist in this country is greater and even more direct? Small measures, I would like to point out, will only touch the fringe of the problem. British statesmanship, I earnestly hope, will not lack that large imagination which is essential for prompt action.

While on this point of the prices of agricultural commodities, I would refer in passing to the link between sterling and the rupee. However desirable may be the policy adopted by the Bank of England in Britain's interests, the policy of low prices enforced on India is not desirable. Sir, it is in fact hitting the agriculturist classes in India who have had no opportunity to recover fully from the effects of the great depression of ten years ago. The entire currency policy of the Government of India needs to be revised, with an eye to the needs of the people of this country.

There is another point, Sir, on which I would like to make a few observations. I am glad that the war has at last compelled the Government to take steps in regard to the development of Indian industries which in normal times they would probably have rejected as imprudent or unwise. The Roger Mission has visited India and we are now nearing the end of the deliberations of the War Supplies Conference. I trust, Sir, that the debate in this House on Thursday last has disproved the report that aircraft production and ship-building and the manufacture of automobiles will be discouraged in the name of the prosecution of the war. Indeed, we have had the assurance of the Commerce Member that active steps will be taken by the Government of India to promote aircraft and automobile manufacture at the earliest possible date. At the same time, I hope that the Government of India will see to it that Indian capital and Indian skill are given all possible opportunities, that the control of new industries will not pass into non-Indian hands, and that the entire fruits of this new policy will remain, as far as possible, with the people of the country.

Sir, in conclusion, I would observe that all those in India who are anxious to do their best for the defence of their country will be greatly encouraged in their efforts if the Government would make clear in unequivocal terms their policy in regard to the points which I have ventured to raise. I hope that the political deadlock in the country, which is causing anxiety to everyone, whether in politics or outside, will be solved by a fresh effort in a spirit of goodwill and friendly co-operation. Secondly, the public should be assured beyond doubt that the large additional expenditure which has been incurred and is inevitable in the future will be subject to proper and strict control. Thirdly, it should be made clear that the benefits of industrial progress now being achieved under the stress of war will definitely be for the people of this country. Sir, if these measures are promptly taken in hand, I have no doubt that there will be far less hesitation on the part of the people to make the sacrifices they are called upon to make by the Honourable the Finance Member.

**THE HONOURABLE MR. P. N. SAPRU** (United Provinces Southern : Non-Muhammadan) : Sir, in introducing the Budget Sir Jeremy Raisman

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emphasized in the other House the impossibility of foreseeing the future course of the war and the conjectural nature of the assumptions underlying our estimates of the current year. The Bill which we have been asked to take into consideration and which has come to us in a recommended form has been necessitated by the course of this war, and no reflecting man, no man with any sense of responsibility, will deny the need of strengthening our defences, for upon our capacity to defend ourselves effectively will depend the future of India, the future of our race, the future of the human race. For just let us for a moment reflect and examine the present international situation. Poland, Norway, Denmark, Belgium, Holland and above all France, which had emerged as the greatest land power in the last war, which had fought valiantly for many principles which underlie the civilization which we wish to see preserved and transformed through the democratic process into an instrument of social and international justice, have fallen under the heels of the German Dictator. I say the German Dictator because Mussolini is only a vassal of the German Dictator, and today democracy has for the moment disappeared practically all over Europe. For lovers of freedom, for those who value free speech and free association, for those who believe in the ethical State, in the social service State, it is painful to think that the freedom-loving people of France, who have made great sacrifices in the past for human liberty, find themselves today ruled by politicians and soldiers who stand for everything which the founders of the Third Republic would have detested. We have seen Rumania disrupted and join the Axis. We have seen Greece attacked without cause and defending herself bravely against an unscrupulous enemy. But while during the last few months after the collapse of France the military position has improved to some extent, the diplomatic position has not improved correspondingly. It is difficult to estimate exactly the extent of support which General de Gaulle has in the free French Empire, but the Vichy Government has shown neither strength nor desire to resist Hitler or Hitlerian ambitions. One does not know what Laval, the real ruler of France, will do. Japan has joined the Axis Powers definitely and is busy with moves against Indo-China. One hopes that the China adventure will keep her engaged, for the Chinese collapse will enable her to divert her attention towards countries which are important for our strategic defence. Hungary has joined the Axis, so has Slovakia. Bulgaria which is under Soviet influence and Yugoslavia are sitting on the fence. General Franco owes his success to Hitler, thanks to the policy of the late National Government, and Mussolini, and with all her desire to keep Spain neutral he may not be able

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to resist the Axis pressure to join the Axis actively. Should that happen Gibraltar will be threatened directly. Finland has after a brave fight come under Soviet influence, and the small Baltic States have been incorporated into the Soviet Union. Soviet Russia remains an enigma, to those who had looked upon her hopefully as a country where a new experiment in organizing the State on a new basis was being tried; and what transpired between Herr Hitler and Monsieur Molotov is a matter of speculation and conjecture. Turkey in which not only Muslims but all Asiatics are very much interested (because we are proud of the fact that there is at least one Asiatic power which has a foothold in Europe), has so far been able to maintain her neutrality, but one cannot be too sure of the course which she may eventually have to take should Soviet Russia deny her support in the event of German aggression. Similarly Egypt's independence is in danger. Thanks to the gallantry of the British Navy and the British airmen—and I wish to pay my humble tribute to these brave gallant young men, the British airmen, who despite numerical inferiority have achieved singular success during the last few months—the invasion of England has for the moment been averted and Hitler has not been able to lunch in London on the 15th August. England has proved herself to be a more stiff proposition than Signor Mussolini when he joined the war thought she would be. President Roosevelt's victory has heartened all lovers of liberty and Britain and all the countries associated with her or dependent on her and can look to that great Continent for increasing support. Reviewing the international situation in its proper perspective, who with a sense of realism can deny that there is—and I wish to emphasize this point—that there is a real danger to the integrity and safety of India. There are therefore in my opinion solid reasons why India must definitely wish Britain's success in this war. I am not one of those who think that isolation or isolationism in the modern world is possible. Countries that remained or tried to remain neutral were unable to do so, and even if India were an entirely independent country she would have had to strengthen her defences, she would have had to strengthen her position by alliances and effective defence arrangements. We who believe in democracy as the highest and noblest form of polity yet devised by man, we who believe in the right of big nations and small nations to live their own life free from interference by alien imperialisms, we who believe in the destiny of the individual and his right to self-expression in a State in which the antagonism between him and the community has been reconciled by his being made an active participant in the functions of government, we who believe in freedom of expression and freedom of speech as vital elements in human progress, how can we remain indifferent to what is happening in the world around us? How can we contemplate with equanimity a Fascist victory, for I do not hesitate to say that a Nazi-Fascist victory would be the greatest disaster that has ever befallen mankind. It is, therefore, a matter of the deepest regret for me to find that the danger with which India is beset is neither realised by Government nor by the people of this country. As one who wishes the success of democracy it is a matter of supreme regret to me that His Majesty's Government and the Government of India have failed to realize the psychology of the Indian people and convert this war into a people's war. They have failed to democratize the war effort. I would like, with your permission, to approach this question, the question presented by this Finance Bill from this point of view. I would therefore crave leave very briefly to review the reasons why the response from Indians, which I want to be enthusiastic and which I desire to be wholehearted, has not been as enthusiastic and as wholehearted as it should have been or as it could have

been. That takes me, Sir, to the constitutional issue, the settlement of which I regard as necessary for the enthusiastic co-operation which India deems essential for the success of this war. You will perhaps therefore allow me just to review briefly the present political situation in the country. I wish to emphasize that I speak as one who desires India to pull her full weight in this war. What was the position which faced us when war broke out? The constitution that was being worked in the provinces had failed to satisfy our aspirations and it had got many defects and shortcomings from our point of view. In the early part of August, 1939 it was clear to every reflecting man that war had become inevitable. No effort was made at that time, I am thinking of the pre-war period, to invite the co-operation of India by a preliminary discussion with the leaders of Indian political thought. I know that the constitutional position of India is not identical with that of the dominions and India could not have been consulted in the manner in which you have consulted the dominions formally but an informal discussion with the leaders of Indian political thought was quite possible. My point is that no effort was made to get into touch with the real leaders of Indian political thought before India was made a belligerent. Sir, I know that constitutionally India had no right to be consulted, but surely the executive government had means open to it to make Indians feel that they were not being ignored and were being invited to join this war as partners in a great enterprise; but unfortunately this was not done. After the war had been declared the first announcement that we had was that the federal scheme for the period of the war was suspended and that the constitutional issue would not be tackled during the war. Then followed a series of interviews and consultations between the head of the Government and the leaders of various political organizations. While the Indian National Congress raised the question of Britain's war aims and asked Britain to declare that India should be assured that she would be an independent country after the war the organization to which I belong, the Liberal Federation took the line that it was for supporting the war but that at the same time it wanted psychological conditions to be created for the successful prosecution of the war. The Muslim League which was not on friendly terms with the Congress had its own viewpoint wanted a veto over constitutional progress. His Excellency the Viceroy came out with a declaration in October, 1939 which was very halting and unimaginative in character. The line taken in that declaration was that dominion status was the ultimate issue of India's constitutional development, that the federal scheme would be open to modifications after the war and that it would be modified in consultation with the representatives of India and that minorities would be fully protected in any future constitutional arrangements. Unfortunately the declaration was so worded as to convey the impression that a virtual veto had been given to the Muslim minority over constitutional progress. I have often felt that the line taken by that eminent British statesman Viscount Samuel in the House of Lords was full of wisdom and I have often felt that if the problem of India had been approached in the spirit of his speech we would have a different India today. The Congress which had raised the question of the war aims was in too great a hurry to leave office and after relinquishing office there followed interviews and discussions between the Congress, the Muslim League and the head of the Government. At the Orient Club the head of the Government made a speech defining with greater clarity India's goal. It was hoped that a settlement was in sight, but even in that speech no definite time by which dominion status would be established, was indicated—

THE HONOURABLE THE PRESIDENT: It was indicated.

**THE HONOURABLE MR. P. N. SAPRU :** No, the words used were "at the earliest possible moment".

**THE HONOURABLE THE PRESIDENT :** What does that mean?

**THE HONOURABLE MR. P. N. SAPRU :** There was no assurance that the instalment system would be given up and dominion status established by a certain time. What happened after that is known to us all. What happened after that declaration between the Viceroy and Mahatma Gandhi is not known to us all but that declaration was not able to achieve the object which the Government had in view, namely, to elicit the co-operation of the Congress Party or the active support of the Muslim League. Then came June and we all began to realize the common danger which we were confronted with. The Congress, which had been demanding a constituent assembly and complete independence said that it would be content with a national government within the framework of the Government of India Act of 1919—

**THE HONOURABLE MR. HOSSAIN IMAM :** Without any reference to the Government?

**THE HONOURABLE MR. P. N. SAPRU :** Implied. The answer to that demand is embodied in the declaration made on behalf of His Majesty's Government and in the speeches of Mr. Amery.

Now, Sir, the point that I wish to emphasize, the point that I wish to stress, is that all these controversies, all these discussions could have been avoided if His Majesty's Government had at the beginning of the war shown some imagination and taken some such line as this. Something of this kind they should have said, "Gentlemen, we are fighting this war for no imperialist end. You know the dangers with which you will be faced if Nazism should unfortunately succeed. You are politically for democracy and social justice. So are we. We fully sympathize with your aspiration for full freedom. We assure you that immediately after the conclusion of the war, we shall invite the representatives of India selected in a manner which shall be in accordance with the principles underlying democracy and ask those representatives to frame a constitution for India. We wish to assure you that we have no desire to continue our domination over India and we hope and we trust that the results of your labours will be such as to enable us to enact a constitution which will give you free and equal partnership with the other members of the British Commonwealth. You ask us for independence. You know as well as we do that we are living in an inter-dependent world. Dominion status is virtually independence and it will be for you after you have attained your dominion status to determine your future. You know the implications of dominion status. We have full confidence that you realize the dangers of isolation just as much as we do. We are not working for the ascendancy of one race or another. We are working for the establishment of an Indo-British Commonwealth of Nations. Due to our historic connections with India, we have certain obligations and certain interests but we assure you that we have no desire to use these interests or these obligations to impede the progress of India towards the fullest measure of self-government. We assure you that these obligations shall be settled after negotiations with you, that we shall not in regard to them impose solutions upon you, that any arrangements arrived at in regard to these obligations shall take the form of a treaty between the representatives of the Indian people and the British Parliament. While desiring that the minorities should have adequate protection, while seeing that they shall have full freedom to live their cultural and religious life and their political

life in this country, we are not going to allow any minority to block the future or to be obstructive. We have interests in India but you may take it from us that we have no intention to allow these interests to block full self-government. The method of dealing with the constitutional issue shall be a democratic method but we cannot commit ourselves at this stage to the precise form which the representative body which will determine the Indian constitution shall take. As an earnest of our desire to see you free, we are going to reconstitute the executive machinery of India. You will realize that in the Act of 1919 there is no provision for direct responsibility of the Executive to the Legislature. But direct responsibility cannot and need not rule out *responsibility in fact*. We ask you, Mr. Bhulabhai Desai, we ask you Mr. Mohamed Ali Jinnah, we ask you Mr. M. S. Aney, to form what in effect and in form will be a national government."

THE HONOURABLE THE PRESIDENT: When are you coming to your own observations?

THE HONOURABLE MR. P. N. SAPRU: Sir, these are my own observations. I think I have the right to speak in this House freely, but if what I am saying strikes you as nonsense, I will sit down.

THE HONOURABLE THE PRESIDENT: I never used the word "nonsense" but if the cap fits you, you can wear it.

THE HONOURABLE MR. P. N. SAPRU: I am giving you, Sir, what should have been done but was not done. That is my indictment of the Government. "In the Executive Council which will be your national government, there will be a clear majority of the *new political elements represented by you*. *There will be a clear majority of the new political elements represented by organizations which are not to be found in the Executive Council today*. You know that the Constitution Act of 1919 requires the presence of a certain number of officials in the Executive Council of the Viceroy. We are quite prepared to repeal these provisions. But perhaps you will realize that in war time the official who has experience in administration may have something to contribute. In the Cabinet in England we have had to include some permanent officials. Perhaps on reflection you will agree with us that these officials may be of some service to you. But we assure you that the official element will be appointed only after consultation with you to the Executive Council. You have had experience of the present service Members of the Viceroy's Executive and you will perhaps agree that they represent the better element in the Services of the country. We therefore give you this assurance that with the Government so constituted, the Secretary of State will not ordinarily and normally interfere. We say 'ordinarily and normally' because we have to satisfy the requirements of the Constitution Act of 1919. But your experience in the provinces has shown you how we have interpreted these words 'ordinarily and normally'. We desire, therefore, the direction of war effort to be in your hands. The portfolio of Defence which will be the most important portfolio in the country will be placed in the charge of an Indian Member enjoying the confidence of the country and you may be certain that in the peace that will follow you and the views of your Legislature will not be ignored. His Majesty's Government will continue to consult you formally and informally in regard to foreign affairs. We invite you, therefore, as partners to undertake the responsibility of conducting the war and we have full confidence in your desire, in your willingness, in your earnestness, in your sincerity, to stand by us through thick and thin."

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If a declaration had been made on these lines at the beginning of the war or immediately after, I venture to think that Britain's moral position in India would have been unassailable and the political parties in this country would have settled down to constructive war work. But, unfortunately, this was not done. There was no inclination in the initial stages of the war to admit a political element into the Viceroy's Executive Council. Even the offer which was made in August last was in a form which suggested that it was contemplated that the Indians so appointed would not be in charge of the portfolios that matter and that *they would not be in a clear majority over the other elements of the House*. Subsequent speeches of Mr. Amery have created doubt and suspicion in India as regards the attitude of Britain towards Indian aspirations for freedom. No doubt he has said that he has every sympathy with Indians' desire to frame their own constitution. But this seeming concession of the right of self-determination has been rendered nugatory by the proviso that the communities must agree among themselves as to the form of the body which will settle the constitution. What if they cannot agree? In other words, the Muslim League has been given a veto over the form which the representative body should take in future.

THE HONOURABLE MR. HOSSAIN IMAM : Should the Congress have the veto?

THE HONOURABLE THE PRESIDENT : Order, order. You will have a chance to speak. Please do not interrupt him.

THE HONOURABLE MR. P. N. SAPRU : The constitution so framed by this representative body will be accepted, so says Mr. Amery, subject to due provision for the fulfilment of the obligations which His Majesty's Government have in this country. Mr. Amery has nowhere defined with clarity what those obligations are. He has in one or two places in his speech indicated that he has in mind particularly the obligations of Defence and Foreign Affairs, and he has sought to draw a distinction between *status* and *function*. He has pointed out that there is a difference between *status* and *function*, and that so far as the Dominion of India is concerned, it cannot, in present circumstances, be vested with the same functions in regard to Defence and Foreign Affairs as the other Dominions. In other words, so far as the higher functions of Government are concerned, they will remain for an indefinite period—a period which will not be specified in any Statute—in the hands of the British Government and what is being offered by Mr. Amery is not Dominion Status of the Statute of Westminster variety but controlled self-government within an imperialistic structure. What he contemplates for India is not the status which is enjoyed by Canada or Australia or New Zealand or South Africa. I shall make a few remarks here about independence. I have said that there is virtually no difference between independence and dominion status. Given the choice, I would unhesitatingly prefer dominion status because I place safety first. But I want to be assured that I am getting the genuine article and not a spurious one. My whole criticism is that this free and equal partnership is not free and equal partnership, that the position has been worsened by Mr. Amery's distinction between status and function and that a clarification is needed of Mr. Amery's speech in regard to this distinction between function and status. Mr. Amery has gone a little further than the Viceregal declarations. He has given a complete veto to the minorities over future progress.

THE HONOURABLE MR. HOSSAIN IMAM : No.

THE HONOURABLE MR. P. N. SAPRU : There is no indication in his speech that he is opposed to claims for dividing India into various parts. In his latest speech at the English-speaking Union, he has used language which is calculated to encourage those who stand for the division of India into Hindu India and Muslim India. He has talked of greater autonomy for provinces ; he has talked of a redistribution of provinces ; he has talked of new types of executive ; he has talked of a centre which has only some measure of control over Defence and Foreign Affairs as possible solutions of the Indian problem. He has talked of functional representation. That is Mr. Amery, the Secretary of State. The democratic Secretary of State for India is thinking in terms of some sort of a corporative State—

THE HONOURABLE THE PRESIDENT : But he spoke eight months before—

THE HONOURABLE MR. P. N. SAPRU : He spoke only the other day, Sir,—

THE HONOURABLE THE PRESIDENT : Listen to me. He spoke eight months before the Viceroy's speech at the Oriental Club when you were offered full dominion status of the Westminster variety which included even the right of secession if you wanted it. It was a God-sent opportunity which you refused to accept.

THE HONOURABLE MR. P. N. SAPRU : We shall agree to differ on that point.

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI (Leader of the House) : I do not wish to interrupt the Honourable Member's argument for any length of time, but I think that if he will look at the report of Mr. Amery's speech, he will find that after postulating these possible solutions of the Indian problem he has gone on to say that these are questions really for Indians themselves to settle.

THE HONOURABLE MR. P. N. SAPRU : That is the British way of doing things. I was just coming to that. At the psychological moment statements and speeches have always been made which have made a communal settlement more difficult. I am going to prove that also. I think it is wrong for the Secretary of State to encourage one party or the other in this country. Let there be no mistake about it. I value the freedom of this country very much. There is no sacrifice that I would not make in order to meet the wishes of my Muslim friends and in order to achieve the freedom of my country. But we shall never agree to the partition of India. Just as Abraham Lincoln was right in fighting for the unity of the United States, so, nationalist India would be right in resisting, if necessary with all the force at its command, any scheme for the partition of this country. The greatest boon, the greatest benefit, the greatest achievement of Britain in this country has been the unity of India. There is a party today which stands for the partition of India. Let my Muslim friends give up this talk of partition and they will find a different atmosphere. The Congress is not the entire country. There are many thinking men who are prepared to negotiate with them, who are prepared to consider with them in a rational manner their grievances. We have never ruled out new types of executive.

It may be that the coalition type of executive suits the genius of the Indian people, we have never ruled it out. But there is one thing which we have



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ruled out, which we shall rule out, which we shall fight against with all the strength at our command ; and we are not wedded, as the Congress is, to non-violence, and that is Pakistan. Now, Sir, I can honestly say that I approach this question from the point of view of an Indian Nationalist. I have never desired to be unfair to any community. But let me just trace this question of the minorities a little closely. The Honourable the Leader of the House, who comes from my province and who is one of the most distinguished products of our University and of whom we are very proud, just said that Mr. Amery had nowhere blessed Pakistan or encouraged one minority or the other. Why is it that at the psychological moment British statesmen are in the habit of making speeches which make a settlement of the communal question difficult for us ? Let me just trace the history of this communal question for a moment. In 1905 the Muslims, without any reference to the majority community, without any effort being made to see that the question was settled by Hindus and Muslims together, were assured by Lord Minto that they would have separate electorates and representation in excess of their numbers. In 1908 Lord Morley said that he did not like separate electorates ; he wanted joint electorates with reservation of seats. Lord Minto said, " Well, I have blessed separate electorates ; there is a definite pledge and you cannot go back on that", and Lord Morley had to yield. You will find that in the *Life of Lord Minto* by John Buchan. You will find that Lord and Lady Minto were quite happy at that Muslim delegation. Then came the Minto-Morley Reforms. Then came the Great War and in 1916 we were able to arrive at an agreement with the Muslim League. That was a great achievement. Now that agreement was given effect to in the Montagu Act of 1919. Then immediately after the Act came into force there was a demand for the revision of the Lucknow Pact by the Muslim community. They wanted a clear majority in the provinces where they were in a majority ; they wanted the weightage which they had been given under the Lucknow Pact to be maintained. The Simon Commission was to report in 1929 and one of their terms was this system of communal electorates. The Simon Commission took this line. There is this pact of 1916 ; we cannot disturb this pact to the advantage of one community or the other. Muslims cannot retain the present heavy weightage they enjoy in provinces where they are in a minority and get majority representation in the Punjab. If they so desire they may have a voting register which will accurately reflect their population ratio in the provinces of the Punjab and Bengal. Whatever other criticisms there might be against the Simon Commission Report, I think the line they took in regard to the communal question was a fair one. But immediately after the Simon Commission's Report came the Government of India's despatch, the despatch of Lord Irwin's Government, and if my friend the Leader of the House will read that despatch he will find that it is a most extraordinary document. It says that the communal question is a question which the communities must settle. But after saying that, it goes on to dissent from the view of the Simon Commission that the Lucknow Pact cannot be disturbed and that Mussulmans cannot be given increased representation in the Punjab and Bengal and allowed to retain the heavy weightage that they have in provinces where they are in a minority. Then, after the Irwin despatch you have the Round Table Conferences, and there these two despatches were before the delegates. You have the Simon Commission supporting the old pact, you have a number of communalists in the Round Table Conference—practically every Nationalist Muslim is excluded from the Conference and you have the Government of India supporting the Muslims with all the influence of the late Sir Fazl-i-Husain in the Government of India. You have the Simon Commission supporting the Hindu and Sikh point of view, and both

communities know that there is going to be no real transfer of power even if they agree among themselves. Do you wonder therefore that the Indian delegates were unable to arrive at a settlement in regard to communal matters? Then immediately after—that is the British way of doing things—the publication of the Simon Commission's Report there appeared a series of articles in that Conservative organ, *The Observer*, encouraging the Muslims to be firm in their demand for a clear majority in the Punjab and Bengal. My Honourable friends will find that my statement is correct; they can read *The Observer* of those months. That is how things were done. Then, Sir, the communal award was given in two instalments; first came the instalment regarding the provinces and then the instalment regarding the Centre and the separation of Sind. But just two days before the issue of the latter the Hindus and some Muslim organizations were able to arrive at a settlement in Allahabad. But Sir Samuel Hoare was in a hurry to announce the Central award. Why could he not wait a few days and see what the reactions of this settlement were going to be on the Indian public. (*An Honourable Member*: What was the difference between the two awards, the Allahabad decision and Sir Samuel Hoare's?) In the Allahabad settlement the Muslims agreed to 32 per cent. only and in the communal award they were given 33½ per cent. representation at the Centre. In the Allahabad decision Sind was to be separated if it was financially possible to separate her. Under the award Sind was to be separated completely and unreservedly. These are the differences which made communal settlement difficult. Well, Sir, at the Joint Select Committee after the communal award had been announced, the Indian delegates were able to arrive at certain conclusions and they embodied these conclusions in a memorandum which was presented to the Joint Select Committee. They made a certain number of recommendations which, if they had been accepted, would have considerably improved the federal scheme. What was the experience of the Indian members? The experience of the Indian members was that every single proposal (and the men who were signatories to the memorandum, were most moderate—Sir Zafrulla Khan is a very moderate man and he was a signatory to the memorandum), every single recommendation of that memorandum was rejected by the Joint Select Committee which was presided over by no less a person than His Excellency the Viceroy, the respected head of the Government in this country. Well, Sir, therefore I do say that the real reason why there is a deadlock in this country is not because you have refused to promise independence but because you have given a virtual veto to the minorities and because you have refused to define what your obligations are.

Sir, I would like to say one word more about dominion status. The attitude of no compromise with imperialism is heroic and appeals to the dramatic instinct but leads us nowhere. We have today to face the danger of a worse imperialism than democratic imperialism. Democratic imperialism is liquidating itself: it will liquidate itself in the process of war. We all hope and pray that Britain may win. There will be free and equal partnership of nations after the war, if that happens. There will be no imperialism after the war in the sense of domination. That is my firm belief (*An Honourable Member*: In India?) Even in India there will be changes because you will have a government of the left and not the government of the right after the war in England. Therefore, I do say this to my Congress friends and I say this in all earnestness that the Ramgarh resolution in my humble judgment was a mistake and they should have shown, as they did show in June, greater readiness for co-operation in the war effort than they did in the initial stages of the controversy.

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Sir, I have spoken at some length upon the constitutional issue because from the point of view of the successful prosecution of this war I consider its settlement as essential. If you really desire the united support of India you must have a settlement of this constitutional issue. I always read with respect everything that that wise British statesman Mr. Lloyd George says or writes and there is no British statesman for whom I have greater admiration than Mr. Lloyd George. I was reading his article on the collapse of France the other day. He says that France failed because the Generals were Fascist and the soldiers were socialist. France had a government which was nominally left but which had no real sympathy with the aspirations for a better social or international order. He says that if you want a nation to make sacrifices which a war necessitates you must place before that nation the vision of a new deal, if you like that word, and a better and happier social order. It is only when you have a big vision, a high ideal, that you are able to get the highest and maximum effort. It is necessary to put the highest ideal before the people. I think that is a wonderful observation. I think it is a correct reading of the French situation. France did not fail merely because she was militarily defeated. She was perhaps internally rotten also. Fifth column activities thrive in countries which are internally rotten. Therefore, if you want to fight fifth column activities, and I am prepared to recognize that there are fifth column activities in this country, you must have the support of a large majority of thinking people in this country. (Hear, hear.) You must make them feel that this is not England's war, but it is India's war, and you have failed, I regret to say to make it plain that it is India's war. I can assure you that reflecting men realize that if this is a life and death struggle for England it is also a life and death struggle for India. Now let us for a moment examine the situation a little carefully. If unfortunately the war should go against England, God forbid that it should, Canada has the United States to support her. Germany can do nothing to Canada. Australia and New Zealand have the United States to support them and Germany can do nothing to Australia and New Zealand. Whom can we Indians look to for support? (*An Honourable Member*: God.) But God is always on the side of the big battalions and we might become the subject matter of partition among various countries. Therefore, it is wrong to think that any sensible Indian, outside the lunatic asylum, wishes the defeat of Britain. The interests of India and the interests of England happen to be identical at the moment. And therefore it is a great tragedy that there is this political discontent in the country. This political discontent which you have allowed to grow is bound to hamper war effort and I don't wish your war effort to be obstructed. I wish it to reach its maximum limit in this country. I wish this country to give its maximum support and I think, Sir, therefore, a political settlement is necessary.

THE HONOURABLE THE PRESIDENT: And therefore you will support the Bill!

THE HONOURABLE MR. P. N. SAPRŪ: No, Sir. I am coming to my reasons. I do not think, Sir, (you will perhaps allow a little digression here),

I do not think, Sir, that individual satyagraha or non-violence will save us. I am not a believer in the sovereignty, the absolute sovereignty of the State. I know there may be occasions when it may be the duty of an individual citizen in defence of some principle which he values, to resist the State by passive resistance. I am prepared logically to agree with that proposition. I have admired the manner in which British

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Liberals like Mr. Dingle Foote have stood up for liberty of speech and for the right of fair treatment for the internees and conscientious objectors in Britain. But it is not free speech that we need today. What we need is a Government which will galvanize this country, which will put new life into the war effort in this country, which will create enthusiasm which I regret to say is lacking for the war in this country, which will warm the hearts of the people of this country, which will appeal to the heart and soul of the people of this country.

I myself, Sir, accept the Radical ideology. I was talking to a very distinguished British professor of economics and he said that a Liberal was a person who was a Leftist in ideology and a Rightist in method. I said, "I do not like the word 'Rightist', I would substitute the word 'Centrist'". So, Sir, having sympathy with Leftist ideals, it follows that I must have sympathy with the pacifist ideal up to a certain point. But honestly, Sir, I have never been able to understand the philosophy of satyagraha. How can you by courting imprisonment melt the hearts of your opponents and create a force which will give you what you want? Satyagraha and fasting may have a value in the spiritual sphere. I read today, Sir, that His Holiness the Pope is fasting. Well, all that may have meaning as far as the spiritual sphere is concerned. But in actual life, pacificism of that extreme type does not work. I believe, Sir, in pacificism in the sense that I want a super-state. I want as the result of this war the nucleus of a world organization which will be backed up by an international police. That kind of pacificism I can understand. But I do not understand this kind of individual satyagraha for which our great Mahatma is responsible. The point, however, that I was making is this, that individual satyagraha and the economic and political discontent that you have, if this develops, is bound to have a hampering effect upon war activity. If there is individual satyagraha there will be repression, and shockingly too severe sentences upon Pandit Jawaharlal Nehru and other leaders are only calculated to alienate the people further from the Government and we do not want the people to be alienated from the Government. I was, therefore, glad, Sir, that the Liberal opposition leader Mr. Graham White and others have associated themselves with a representation against the sentence passed on Jawaharlal Nehru. Now, Sir, the point that I was making was that it was essential in the interests of India, in the interests of the successful prosecution of the war that there should be a settlement here. The men on the spot, I regret to say, have failed. Therefore, let us try a new method of approach. It is no use saying that the last word has been said. There is no last word in politics. Lord Morley said that the partition of Bengal was a settled fact, but it was rescinded. It is no use Mr. Amery saying that he has said the last word and he has nothing more to say. Well, the last word has not been said. Further approaches must be made and it is therefore necessary that there should come out to this country at this juncture a goodwill mission from England. We want broadminded men to come out to this country to meet the leaders of the Indian people, discuss with them their difficulties and their anxieties—because a people that has domestic anxieties can never put forth, as Mr. Hore Belisha said the other day, its best effort. I want them to come out. We should have a delegation of men like Viscount Samuel, Mr. Graham White, Sir Stanley Reid, Professor Laski, Professor Keith, and my old friend Mr. Wilfred Roberts who distinguished himself greatly in the Spanish campaign. If men of this type come out to India, they will be able to view the Indian question from a broader vision and they may be able to make some contribution to the solution of the Indian problem. I do not think, Sir, the situation ought to be allowed to drift. Consider what the effect upon production, upon trade, will be if this individual satyagraha develops into a mass movement. Consider, Sir, what

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the effect upon the life and property of the people will be if the political and economic situation is allowed to drift in this country. I, therefore, Sir, would plead with all the earnestness at my command for a new approach to the Indian problem. And I would like, Sir, in this connection to pay a tribute to certain British papers. I find, Sir, that the *Manchester Guardian*, the *News Chronicle*, the *Daily Herald*, and the *Indian Statesman* have been approaching this question from a broad point of view. They say : Do not get disheartened, go on with your efforts, try and find a solution to the Indian problem, it is important from every point of view that the Indian problem should be settled.

Sir, I suffer from no phœbias. I have no prejudices against the Congress or the Muslim League. I want to approach every question from an objective point of view. And the one great question that I have asked myself is this, whether it is in the interests of India that this present policy of drift should continue. There must be an understanding between the English people and the Indian people if we are to achieve preserve and strengthen the freedom which we so ardently desire in this country. Sir, I would like to say that, in my opinion, the demand for a national government within the framework of the present Government of India Act is not an impossible demand. You can give in your Executive Council the political elements a clear majority. There may be some minor changes which you can make even in war time in order to meet that demand. Sir, where there is a will, there is a way. Most far-reaching proposals were considered by the British Government in June last. Franco-British union might have materialized. An Anglo-American Federation is not beyond the realms of possibility. Our whole future, whether England wins or not, is at stake. It is not wrong of thinking Indians to raise at this moment the question of their future. I think it is right for us to raise this question of our future. But we should raise this question in this spirit that the question has to be settled. I do not think that any question is impossible of solution. I believe that in individual life and in national life we have to go through conflicts. But conflicts can be solved if there is the will to face these conflicts and the desire to find a solution for them.

I come now, Sir, to the question which you raised, namely, "What is the vote that you are going to give?" I have made my position in regard to the war absolutely clear. I have no criticisms to offer so far as the Finance Bill is concerned. From the point of view of orthodox finance—and I am not sorry that our Finance Minister is an orthodox financier—there are merits in the Finance Bill. The vote that I am going to cast, therefore, is not a vote against the merits of the Finance Bill. It is frankly a political vote. I would like to make the position in regard to my vote absolutely clear. It is not a vote for Hitlerism, because I can assure you, Sir, that there is no one who detests the Nazi ideology more than I do. Nazism stands for everything which is revolting to me. My friend says, "Study carefully". I can assure him that I have studied some books on Nazi ideology—I have not been to Germany. I am not sorry that I have not been there. But I can assure him that I could not stand Germany or Italy for a day. It is not a vote for Hitler or for Nazism. I do not wish our vote to be misunderstood. It is not a vote for restricting or impeding India's war effort. I want India's war effort to be ten times greater than what it is today. Because, Sir, we have to think not only of the defences of the Middle East, but we have also to think of our defences here. What if something should unfortunately go wrong with the Middle East Campaign? We shall be faced then with disaster in this country. There has been a great deal of controversy in Australia and in Canada over the correct policy in regard to defence. Mr. Curtin, the Australian Labour Leader, has been saying,

"Keep your reserves in Australia". Mr. Menzies has taken a different line and they have not been able to agree. We have some differences in regard to the defence policy also, which will be explained at length by our great defence expert, Pandit Hirday Nath Kunzru. The vote, Sir, is not for impeding the war effort. The vote I am going to cast, therefore, is not intended to impede or obstruct the war effort. I have said that I want the war effort to be intensified. It is not a vote intended to encourage Hitler or Mussolini in any form or shape whatever. We detest the dictatorships just as much as our friends opposite. The vote that we are going to cast has been determined for us by the attitude of the British Government towards certain broad questions. It has been determined also by the attitude of the Defence Department towards this House. Sir, when big things were happening in June last, I wondered whether I was a Member of the Central Legislature. I found the Parliaments of other countries meeting and discussing questions of great importance. But I am sorry that we actually met two months later than normally we do. That was the consideration that was shown to us, Members of the Legislature. Sir, I have moved Resolutions on the floor of this House, most moderate Resolutions, for very moderate reforms, and the Defence Department has come up with an emphatic "No". I remember years, Sir, when I was pleading with all the earnestness at my command for the constitution of an Advisory Council on Defence. I did not want that Advisory Committee to hamper the Defence Department. I wanted it to be an organization which would help the Defence Department, just as the Supply Department Committee would help that Department. But I found, Sir, my very esteemed and good friend, Mr. Williams—I am sure he was not a free agent—say "No". Our military chiefs and experts have no imagination, have no vision. I found my Honourable friend Mr. Williams resisting that moderate demand in the most Die-hardship fashion, in a fashion that even the late Duke of Northumberland would not have done in opposing any measure which affected his pockets.

THE HONOURABLE THE PRESIDENT: I may remind you that you have already spoken for an hour.

THE HONOURABLE MR. P. N. SAPRU: On this Bill I can speak for as long as I like and I will not repeat my arguments.

THE HONOURABLE THE PRESIDENT: I should like to say that there are many other speakers.

THE HONOURABLE MR. P. N. SAPRU: I will finish in about five or ten minutes, Sir.

The other day in this House I moved a very moderate Resolution about the University Training Corps. We were all interested in that Resolution. My Honourable friend Mr. Hossain Imam has a hundred differences with me in regard to communal matters, but he loves Aligarh and I love Allahabad, and we were both united in regard to that Resolution. And what was the answer that I got? A categorical "No". Sir, we have pleaded on the floor of this House for broadening the basis of recruitment. Not being a believer in non-violence, I have regretted that Britain has emasculated India. I think the Honourable Mr. Pantulu ought to thank the Government for emasculating the people of this country. I cannot, not being a believer in his creed. We have pleaded for a broadening of the basis of recruitment. Our demand has been ignored. We have pleaded (and this will be proved by the Honourable Mr. Kunzru, because I do not want to dilate on it further), for the

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rapid Indianization of the army and we have pleaded for that because we do not want you to put forward defence as an obstacle towards self-government. And the Muslim League has not obstructed us there. It has co-operated with us. There is a united demand here. Now, what is the answer that you have given to these united demands that we have repeatedly made on the floor of this House? How can I go to my own countrymen and say, "Put forward your maximum effort"? I happen to be a teacher, and I come into contact with about a thousand students every year, or perhaps more, and I have found an indifference in regard to the basic issues which this war has raised, which has really perplexed me, which has really made me anxious as regards the future. I want to speak absolutely frankly. I find that a different atmosphere prevails today than that which existed when the war started. I found then that our young men were not so indifferent as to what will happen to their country as they are today. They do not realize the dangers. I realize those dangers and I think I would not be doing you any service if I were not to mention these things frankly and straightforwardly. I want you to realize that there is an atmosphere in this country which is prejudicial to the safety and integrity of this country, and I think you will not be able to meet the situation in this country by the formula, "Well, the dogs bark; the caravan passes by". You have to change your note. Therefore, I want a Government which represents the people of this country at the Centre. I want an Indian Churchill to run this war, which means so much for us and which may mean so much for you.

Sir, in recording my vote I am following the example of the Secretary of State for India, Mr. Amery. Mr. Amery led the revolt against the National Government, and he was one of those who were responsible for turning that National Government out because it was not conducting the war in the most efficient manner possible. I say, Sir, that I want also a reconstruction of this Government because I think it is not conducting the war in the most efficient manner possible from the point of view of India, and it is as an indication of my dissatisfaction with the executive of this country, it is as an indication of my dissatisfaction with the war effort which that executive has put forward, it is as an indication of my sincere and honest feeling that the executive has failed to understand the danger inherent in the present situation, has never tried to approach the Indian question from the right point of view, that I have decided to cast my vote against this Bill.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): Sir, we have listened at some length to about a thousand arguments in favour of the Bill which ended with one rather impassioned and poor argument against it and the decision to vote against it. I would remind the Honourable Mr. Saprū that however much Mr. Amery assisted in removing the Chamberlain Government he did not vote against the supply of funds for the war.

THE HONOURABLE MR. P. N. SAPRŪ: Sir, may I just interrupt on a point of explanation? We have no method of raising questions of foreign policy except indirectly in this House.

THE HONOURABLE THE PRESIDENT: You started it by giving a review of the whole international situation. Now (to the Honourable Mr. Parker) you proceed with your speech.

**THE HONOURABLE MR. R. H. PARKER :** The Honourable Congress the Leader in this House said that he would be failing, or they would be failing in their duty if they did not oppose the Bill. He is much in the same street as Mr. Sapru. We feel on the contrary that we would be failing in our duty if we did oppose. So we start with a vital difference. Personally, one of my criticisms of this particular Bill is that I would have liked it to be brought in two months earlier and to have been made effective two months earlier. But that is a point on which I may be wrong. One thing I am glad of is that the Finance Member has not introduced retrospective taxation, as Sir George Schuster did some ten years ago. I think that at the time had a definitely bad effect on trade. What I would ask the Finance Member to do is to make quite sure that he is getting good value for the money he spends. That is a difficult thing to do but a very important one. On that particular point I was particularly interested when I heard Sir Ramaswami Mudaliar the other day saying that that point of view was being very actively examined in relation to the proposals relating to motor car manufacture.

The Honourable Mr. Ramadas Pantulu seems to think that industries are always built up by Governments. Now in most industrial countries, certainly in England and America, they have been built up by private money and private industrialists. You do not go to Government to start industries; you do it yourself. Take Bombay, what about the cotton mills? Did Government start the cotton mills? (*An Honourable Member :* Hampered their growth!) Yet they have succeeded.

Then the Honourable Mr. Sapru told us a lot about what Government ought to have done, how they ought to have offered this or offered that, or suggested this or that. But did Congress and the Muslim League come forward at the beginning of this war and say, "What can we do to help you"? Not one of you. Then I would remind Mr. Sapru that neither the Viceroy nor the Secretary of State has ever said that minorities can have anything they like. They have merely said they would have reasonable protection. I simply could not follow Mr. Sapru when he said he thought it was unfair for the Secretary of State to say that a particular question ought to be settled by Indians themselves. I thought your whole attitude was that you wanted to settle questions yourselves. Then I would remind him also that it was Mr. Ramsay Macdonald who made the communal award, not Sir Samuel Hoare, and that he did so at the specific request of Mr. Gandhi.

I gathered from what the Honourable Mr. Sapru said this afternoon, or for the matter of that, the Honourable Mr. Pantulu said this morning, or, as the Honourable Mr. Hossain Imam showed, that each of them wants freedom to rule over the other.

Then I come to the general question of the world situation. I would like to say a few words, not very many. It is a matter for grave consideration whether Britain has not done too little policing the world, rather than too much. If they had done it in China, Libya, and other parts of Africa, they would have been in a very much better state. Can you imagine that they would have been in the condition in which they are now? I can't. It rather makes me wonder when people put forward arguments of this kind whether they really know anything about the Nazis and Fascists. Have you stood in Berlin in a large crowd with Nazis around and Nazi tunes being played and a Jew standing on one side shivering, either with rage or fear, or both? It is terrible. Have you been in a Concentration Camp? I have. One thing was clear: you could not see those men—there were some thousands of them, not one of whom was there willingly—and watch the precision with which they did everything without realizing that this could only be the result of extreme



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outruly—of decent men being treated in the basest possible manner. What did they do in Abyssinia? They deliberately murdered and expropriated the intelligentsia, the equivalent of people like Mr. Gandhi, Members of the Congress Working Committee, Mr. Jinnah, and perhaps I myself might be included. They raped their women; they took some of them as hostages to Rome, and generally treated them in the most abominable manner. Poland has been treated somewhat similarly. I have not been there but I know a good deal about it. There some of the women have been taken away to brothels for the use of German soldiers. If that is not bad enough, then I don't know what is. As regards the masses, they are being treated as slaves in Abyssinia, Libya and Poland and to a large extent in other conquered countries.

These are the people Mr. Gandhi wants the right to preach that there should be no war against.

I am only paraphrasing Mr. Gandhi when I ask the question—"Who lives if England dies"?

**THE HONOURABLE RAO BAHADUR K. GOVINDACHARI** (Madras: Non-Muhammadian): Sir, this country, fortunately has not so far felt the direct impact of war and the isolation which we enjoy would appear to have lulled us into a false sense of security. That isolation is, however, being diminished and circumstances are compelling us to take more notice of the war and to make adequate preparations.

This country, as a component part of the Empire, should bear its share of military and financial burden. We called the last war The Great War; and the present one is even greater. There is an almost cynical criticism of the smallness of our war effort while, at the same time, when it is sought to raise money by taxation to undertake a bigger effort, there is an outcry. In the present budget, what is the additional taxation? It is a surcharge on income-tax, a tax which the poor man does not pay. It is an increase again in the charges for certain postal and telegraphic services but care has been taken to see that poor man's means of communication are not affected.

At a time when those able to bear the burden ought to place taxable capacity and the credit of the country before their own individual interests. At a time when there is a feeling that our war effort is still inadequate for the protection and effective defence of this country, no reasonable person should be unwilling to shoulder the additional burdens. Are we in this hour of crisis going to be behindhand in our support to the Empire because of political considerations and should we not think of winning the war first and taking them up afterwards?

Speaking on the budget last March I said that we ought to prepare ourselves to shoulder additional burdens. We are now called upon to undertake them, happily still may I say on a moderate scale. If we value the security of this country, are we by these additional burdens required to make too great a sacrifice? It is in that light that I would commend the consideration of the proposal.

**THE HONOURABLE MR. M. N. DALAL** (Bombay: Non-Muhammadian): Sir, rising to oppose the supplementary Finance Bill I would make it clear, at the outset, that my objections are based, not on the ground that there is no need for such a measure; or that the estimates presented by the Honourable Member do not warrant any such proposals; but rather on grounds of constitutional as well as financial and economic principles.

It is, Sir, a well-known principle of Britain's own constitution, and inescapable corollary of any sound democratic constitution, that no taxation should be permitted without effective representation of the people who are to bear these burdens, and a corresponding responsibility in the Ministers of such Government to the representatives of the people in the Legislature assembled. It is, however, a sad and undeniable feature of our present constitutional system, at least in the Central Government of the country, that there is no direct responsibility in the executive government towards the Legislature. The presentation of such proposals, therefore, amount to no more than a mere formal routine, since the representatives of the people have had no voice in preparing these estimates; nor have they any power to shape, control or sanction them.

The situation, Sir, becomes all the more poignant, when one recalls that, every public leader in this country, of every shade of political opinion, has expressed the deepest possible sympathy towards Britain's struggle against Hitlerism, and all that it stands for in the denial of freedom to the smaller nations of the world. For, despite this unquestionable sympathy; and despite the desire,—more common in the popular mind than might appear in the speeches or writings of prominent personages,—to help substantially Britain in her hour of need, the bulk of the Indian people are unavoidably restrained, for reasons merely of national self-respect, from making this contribution, and even are obliged to oppose such proposals as those before us, simply because the representatives of the people, have had no part nor lot in initiating, approving, or sanctioning them.

I put this inherent inconsistency in the present position relating to this country's contribution in the present struggle, in all earnestness and solemnity before Government,—not simply as a cliché, but as a plea to facilitate more effective collaboration in the years to come. The war, we have been assured, Sir, on the highest authority, may last for years. And if it continues so long, would it be in the interests of carrying on the struggle successfully to victory, would it be in the fitness and propriety of things for the British Commonwealth of Nations, would it be in consonance with Britain's own claim to be a champion of world freedom and democracy, that we in India should be treated as mere pawns governed by Ordinances and certification, on the plea that there is no agreement between the main political elements in India's national life? If Britain really desires that India should, like other equal and independent members of the Commonwealth, put forth her maximum effort,—and, Sir, no one has the ghost of an idea as to what India's maximum would amount to, if only her people are satisfied and willingly co-operating,—will not British statesmanship realize the wisdom of satisfying India's just demand for national autonomy? Even if this be no time for sitting down to draft constitutional niceties to satisfy all political parties, the moment cannot be better chosen than today to offer this country—not repetitions of unmeaning formulae and obsolete shibboleths—but a substantial earnest of the intentions now declared to place India on the same footing of unequivocal equality with the other self-governing British Dominions, by accepting the principle of responsibility of the executive to the Legislature, commanding the unlimited confidence of the people of this country. Sir, I offer this plea, in all modesty and earnestness, and at the same time in all confidence, that, if the line of policy I have suggested is adopted—without any mental reservation or diplomatic subterfuge—the combined intelligence and resources of Indian and British statesmanship will take no time in turning the tables against the seemingly formidable forces of Nazism or Fascism.

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This constitutional objection seems to be the strongest one can urge against the present proposals for increasing the contribution of India towards the sacrifices now having to be made by all those who are fighting the forces of reaction. I have, however, my own doubts as to the intrinsic soundness of the reason which has inspired the present proposals for additional burdens upon India. In war time extravagance rules everywhere. But if this extravagance is to be kept within decent proportions, if the hard won money of the taxpayer is not to be dissipated, there is every need to constitute some sort of a committee of control over *all* the war expenditure, on the lines they have adopted in Britain. The Standing Committee, *only* for the Supply Department will, it is doubtful, have effective control in saving needless expenditure.

Not only is one doubtful about the reasonableness and unavoidable character of much of this expenditure,—one is entitled to ask, whether, in justice and propriety, India can rightly be called upon to bear all the burdens involved in the defence of India's "outer bastions." The arrangements with His Majesty's Government on this head, arrived at last year, seems to be wholly one-sided and disproportionate to the advantage derived by this country. I would, therefore, suggest that this arrangement needs to be reconsidered at the earliest convenient date.

Of the increased recurring burden aggregating about Rs. 25 crores in a full year, the Finance Member proposes, by his new measures of taxation, to meet 40 per cent. or Rs. 6 crores out of new revenues, and 60 per cent. by borrowing. It is, Sir, a question yet awaiting final decision whether the burdens caused by a war should be cast wholly on the generation which wages the war, or whether any appreciable proportion of that burden be thrown on the generations that follow. In other words, would it be the better part of statesmanship to finance a war like this as much as possible out of new tax burdens, or out of borrowed funds, thereby passing on some part of the cost of a war to the succeeding generations. I would not take it upon myself to answer this complex question, though I cannot help realizing that the generation which wages the war has to bear, besides a part in money costs, the entire sacrifice in blood and destruction of the resources necessary for the maintenance of ordinary civilized life; and that the succeeding generation often reaps the advantage exclusively of the struggle its forerunners waged. War taxes in the shape of the excess profits tax imposed last year; or the present surcharge on all categories of income, and increases in communication taxes constitute, in their aggregate, a burden, which, I for one, would consider disproportionately heavy at the present time.

I am the more emboldened in saying this, as I find considerable resources in the shape of money lying idle in banks, which might be utilized to finance the war. That would involve much less dislocation of the national economy than excessive and incessant taxation. The individual heads of taxation selected for increase by the Honourable the Finance Member also call for comment. Even if one conceded the hard but perhaps just necessity to add to the burdens of the direct income taxpayers, one cannot but question the increase to the postal rates, telegraphic charges, and telephone dues. No part of the Indian fiscal system has, in the recent past, aroused such strong criticism, as the refusal of the successive Finance Members of the Government of India to restore the half-anna postcard, however, it is comforting to note that the postcard rate is not increased further. Taxes on means of communication are, it is universally admitted, taxes on the spread of education, on progress in general, and on the expansion of the country's commerce and industry.

At this moment, when India wants to expand and improve its industrial and commercial possibilities; when the demands for an extension of public education in all stages and in all branches is so intense and universal; when the country's reawakening needs this invigorating stream of knowledge and information on every head, such taxation seems to be ill-conceived, uneconomical, and harmful to the best interests of the community in the long run. The yield from these taxes, as forecast by the Honourable Member, seems to me to be too slight to justify the increase, especially as there are such strong counter-arguments. This objection seems all the stronger when one recalls that the Government have not done much to develop the industrial resources, and thereby the wealth of the country at large. The war presents a most unexpected opportunity to develop our industries and improve our material resources, and in the ultimate analysis, all public revenues are derived from private wealth; and unless that wealth is increased, the sources of increase for Government would prove barren or inelastic to meet such emergencies as we are passing through today.

The opportunity presented by the war for the development of India's natural resources and industrial possibilities is rousing great public interest,—if only as a means to add to India's war contribution. A Conference of the representatives of the Eastern countries has been recently sitting, and is said to have presented reports of considerable value, as to the potentialities of India. I have no doubt Government will take every step in their power to implement the recommendations of this body. But in implementing the recommendations, we must be careful regards the inroads allowed to be made by external capital in this country, securing advantage and developing a vested interest which may only prove to be a hindrance and an obstacle to India's real advance in the near future. Suggestions have been put forward in the Eastern Group Conference,—that the several parts of the British Commonwealth should each specialize in particular industries, and not develop each its own resources to the best possible degree under the urge of war. I would look upon such suggestions as pernicious in the extreme, especially for a country like India, whose industrial development has been unnecessarily arrested and stunted; and whose unpreparedness in the industrial field might expose her in the future as she has been exposed in the past, to ruthless competition from foreign industrialists in her own markets to her own undoing. India has accepted the principle of national self-sufficiency in these matters; and whatever stands in the way of realizing that legitimate ambition must be condemned as inimical to the best interests of this country and its people in the long run, and as inconsistent with the honest desire to do our bit in achieving the final victory of the forces of freedom and democracy.

Sir, I request Government to reconsider the specific details which have given rise to so much criticism, and engendered so many misgivings in the minds of the people of this country.

**THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (Bihar : Non-Muhammadan) :** Mr. President, before I proceed with the Bill, I wish to start by paying a tribute to the Leader of the Congress Party in our Council for the admirable moderation of the language used by him in opposing this Bill. I would also congratulate him on one more point which is this, that in listening to the speeches of the Members of the Congress Party in the other House, I got the impression that they thought that there was no danger to India. I am glad that the Leader of the Congress Party here has recognized that there was a great danger to India and also regretted that India was not fully ready to cope with the danger if it came to be actually faced with it. I join

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hands with him in this charge against the Government. Government's defence policy has been too short-sighted and too full of distrust towards Indians.

I also agree with him that it is none of our obligations to share with His Excellency the Viceroy the responsibility for a certified measure.

But, Sir, in view of the grave considerations involved, it is not possible to speak on the present Bill in any light-hearted vein, nor is it possible for me to cast a silent vote on this occasion. On the one hand there is more than half the world in a state of conflagration and there is hardly any one here or outside this House who is oblivious of the fact that the scene of war is drawing closer to India both from the west and north and from the east. There is, on the other hand, the vote of the Assembly which refused to take into consideration this measure. The vote of the Assembly may be of no value to the Government of India but it is of some consideration to us. The Bill was thrown out in the Assembly by a vote purely of the elected Members of the House who represented constituencies covering the entire length and breadth of British India. If the vote of the Assembly signifies anything it signifies this that there is discontent in the country over the present constitutional position of India and discontent over the reluctance of the Government of India in giving Indians their rightful control over matters connected with the defence of this country. I refuse to accept the proposition that the vote of the Assembly was a vote for Hitler or the totalitarian States, which nobody loves in this country; but, it was certainly a vote against British imperialistic domination on India.

In the speeches of Mr. Amery and those of the Viceroy in recent times it is easily possible to discern that none realizes better than they the importance of the Middle Eastern Front and, therefore, the inescapable necessity of turning India into a base for all purposes of supply. The Eastern Group Supply Conference and the Roger Mission all point in that direction. But none of these things warm Indian hearts because the whole design is only to see that England does not wane imperially; there is hardly anything to show that India as a country would gain any independent strength nationally. The vast changes that have rapidly been taking place all over the world should revolutionize our ideas of what the defence of the country requires. The patriotism of the people has to be stirred, young men of all classes must be trained to serve the country and the nation should be roused to make sacrifices in order to make the country self-dependent in the matter of defence. The fulfilment of such a task is only possible under a national leadership. The need of the present hour requires an Indian Defence Minister with effective power and clamours for it. Only an Indian Defence Minister and a policy of fullest trust in Indians can create trust, and win the unreserved and fullest response from the Indian people. As soon as the country is made to feel that it is called upon to decide vital issues that affect its future and that it has a real hand in shaping the defence policy of the Government of India it will not only give its whole-hearted and earnest support for the quick execution of such measures as are necessary for the protection of this country but also fight with full vigour alongside with Great Britain with that energy and enthusiasm which nothing but self-rule alone can generate for the cause of democracy and freedom.

Sir, loyalty without self-respect is neither worth offering nor accepting. The self-respect of India, the respect of Indian manhood, requires that Indians must be lifted to positions of real responsibility and be given at least military

self-government which will be regarded as an earnest and forerunner of England's desire to grant freedom to India and will unite England and India in an indissoluble bond of friendship.

I have no desire, Sir, to enter on the present occasion into a discussion of the question of Indianization or the question of high salaries—questions which I have on several occasions dealt with in the past. They are certainly standing grievances and not much has been done to meet our point of view in those directions. I would, however, utilize my time on the present occasion by saying a few words regarding the policy and attitude of the Muslim League towards the political future of India and the attitude of Government towards the minorities question. I would like to assure my Muslim friends that I am not entering into this subject in any spirit of carping criticism but merely in a spirit of enquiry. Pakistan is based on the two-nation theory of Mr. Jinnah, which, to start with, I would rather call a two-nation hypothesis. The idea is that in those parts of India where the Muslims find themselves in a majority, so far as population is concerned, they should have a State with something synonymous with independent sovereign powers. In putting forward this proposition the Muslim League, in my opinion, lands itself into self-destructive logic. Can it not, Sir, I ask, be argued with the same logic that since in India taken as a whole the Hindus form a substantial majority—68·24 per cent. on the 1931 census—India should be a Hindu State with power for Hindus only “synonymous with independent sovereign power”?

THE HONOURABLE MR. HOSSAIN IMAM : Do we deny the power to the minorities ?

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA : I will answer that point later. Let me make it clear once again that in putting forward this argument I am neither advocating nor making a demand for a Hindu State in India or in any part of it. One apprehension which has several times been expressed by the Muslim League is that a Hindu majority at the Centre would nullify the Muslim majority in certain provinces and a demand for that reason is made for very effective safeguards at the Centre. This is a very curious proposition indeed and amounts to asking for the statutory establishment for all practical purposes of the rule of a minority over the rest of India. Nowhere has the Muslim League demanded a State with an entirely Muslim population. There has been no talk of expatriation or repatriation. Muslims therefore will continue to live as they are at present living in various

5 P. M. parts of India. India has provinces made out for the convenience of administration, whose boundaries have now and then been changed. It is entirely an accident that the Muslim population of a particular province finds itself in a majority. If the boundaries are changed or readjusted the majority may turn into a minority, and the boundaries may be readjusted if the British rulers so desire, thus bringing the entire fabric of the Muslim League demand for a collapse. As the leader of the Muslim League said the other day in another place that the Muslims will live and die for Pakistan, I find it necessary to ask a few more questions and try to understand the position better. One would like to know what will be the position of the minority communities living in Pakistan ? Will the Hindu in Pakistan be treated as a national or an alien ? Will there have to be naturalization of citizens and both Hindustan and Pakistan have perfect liberty in the matter ? What will be the relation of Pakistan and Hindustan and their relation with the Indian States ? What safeguards will the minorities in Pakistan have against what the Muslim League calls danger to culture and religion ? Will the Muslims in Hindustan be satisfied with the same rights.

[Rai Bahadur Sri Narain Mahtha.]

and privileges as are allowed to Hindus in Pakistan? Or will the minorities in Pakistan be held as hostages against fantastic demands in Hindustan? In spite of so much agitation, I honestly feel that Pakistan is being used as a meaningless political slogan, good enough only as a slogan. But slogans are fraught with danger. Attempts should be made therefore to educate public opinion, both Muslim and Hindu alike, to the utter impracticability of the Muslim League demands. But, Sir, indications seem to be otherwise. In the speech delivered the other day by Mr. Amery at the luncheon of the English Speaking Union I find clear indications of an attempt to sow seeds of further dissension and disintegration in this country by suggesting that a weak Central Government and functional representation may be better suited to the needs of India. What surely he had at the back of his mind was not the need of India but the need of England in India. I deprecate any attempt on the part of Government to placate any community for their own political ends and to grant any section of the Indian community a virtual veto with regard to the political progress of India.

I admire Sir, the valour of Englishmen in the way in which they have withstood German aggression. My sympathies are fully with them. I want them to win the war. I want India to give them all the material support she can, but I definitely want Britain to change her attitude towards India. I do not believe in the argument that nothing can be done during the war. Why cannot we form a national government responsible to the present Indian Legislature in which only the elected and nominated non-officials can vote and the official group refrains from voting. The official group may be present and take part in the discussion when called for. This can certainly be done by a few amendments in the Government of India Act, 1935. It is very unconvincing to say that this is not the time to do it. When a few days before the collapse of France the British Prime Minister was prepared to alter the whole of the British constitution, why cannot this much be done in the case of India? Then, Sir, the constitution of 1935 itself, under which we are working today, was not heartily received by anybody. No political party accepted it. The British Government did not show any concern for the views of political parties then and is not likely to show any now unless it is for the purpose of finding out fresh arguments for deferring a move towards constitutional advance. Sir, the proposal to extend the Executive Council was made but nothing was said to show that the expanded Council would be responsible to the Legislature. The proposal to form a War Advisory Council was made and has now been practically buried. If Provincial War Boards can be formed to strengthen the war effort, why cannot the Central War Advisory Committee be formed? Individual Muslim Leaguers and the Hindu Mahasabha have joined the War Committee. Government have advanced no good reasons for dropping the proposal at the Centre. Obviously they were in a fix when they were asked to state what the constitution and powers of this Central Committee will be.

Sir, I have made my comments fully realizing my position and moved by an apprehension that while Government may say a lot about the various political parties in India they do not fully realize the gravity of the situation themselves. The present time is one when England should send out a goodwill mission to India to negotiate with Indian leaders and make it clear not by declarations but by earnest acts that whereas she undoubtedly is the champion of democracy in Europe, she also wants to confer on India what she wants Indians to go and fight for in Europe. Sir, I am a zemindar and I can only

hope to reap the benefits of what I have if there is orderly democratic Government in this country which recognizes the right of private property. I am the President of the Landholders Association of my district and in that capacity I have had a good deal of experience of the Congress Government and the Kisan agitation in Bihar. I am also the President of the Hindu Mahasabha of my district and I can claim to be aware of the communal situation in the country. I value the British connection with India. I want victory for British arms. I am even a member of the district and provincial War Committees, but I do not for the matter of that see the slightest inconsistency in asking for the improvement of India's constitutional position and her national defence. I consider that the Nazi victory will be a disaster to India and the world, but at the same time I feel that the present state of servitude and slavery is not worth living for. Britain may well say that she is fighting for the defence of all those essential conditions that make life worth living. The position is somewhat different with us. In our case those conditions do not exist. When we ask for them you say we want to bargain at a time when you are in a bad plight. Not at all. What we want is that you should make your intentions perfectly and intelligibly clear and do something in earnest now, so that we who want to help you, we who are already helping you to the best of our ability, may be able to get for you the fullest measure of support from the country which is impatient for the betterment of its constitutional position.

Sir, I am voting against the Bill, not to indicate my indifference to what is happening around us or in a feeling of security that the world conflagration will not, if unchecked, engulf India, not to dissuade or chill war efforts in which I am an active participant, but in condemnation of the constitutional and defence policy to which my country has been made subject. I vote against the Bill in token of my disapproval of the narrow and the short-sighted policy that has guided the British Government and the Government of India in dealing with Indian aspirations in the matter of constitutional advance and the defence of this country.

THE HONOURABLE MR. J. H. S. RICHARDSON (Bengal Chamber of Commerce): Sir, as a businessman it is difficult for me to enter into this debate on the purely political plane and whilst I admit that many of the various arguments which have been produced have had their repercussions on my empire spirit, I shall not attempt to discuss them. I shall leave that to those better qualified to do so and will content myself with stating one simple fact, namely, that reason dictates to everyone of us that the salvation of India cannot be secured by the leverage of hostility to Britain and those who choose today to pursue such propaganda must be prepared for whatever consequences may come to them when we emerge from the present conflict scarred but victorious.

There are one or two aspects from the business point of view regarding the Finance Member's proposals which I wish to discuss. First of all, there can be no denying that the imposition of a surcharge on income-tax in the manner now decided is not sound finance and can be justified only on the grounds of expediency. I realize however that since war expenditure must be met there is no solid basis for opposition on the grounds I have indicated. At the same time it is evident that expenditure must continue to increase and in the course of time, perhaps very soon, the country will be faced with the necessity of finding ways and means of meeting it. Since this is so India's taxable resources will need to be adequately surveyed and plans formulated now to recoup growing expenditure in a way calculated to impose the least



[Mr. J. H. S. Richardson.]

disability on trade and commerce combined with the greatest possible yield. Expedients such as that resorted to on this occasion which bear harshly on members of the public with fixed salaries—and that is so for the great majority—should be deprecated as a basis for financing India's war effort. The need for such a survey and plan as I have mentioned has, I am sure, not been overlooked by Government and the commercial community hope that it will receive full and careful consideration and will include the survey of the limits of indirect taxation and taxation of luxury items which in present war circumstances should bear their full share.

On the other side of the picture the need for careful check being kept on all classes of expenditure is a matter which those who have to shoulder increased taxation and heavier burdens will constantly stress and in this connection the Government's agreement to appoint a Standing Committee to be attached to the Department of Supply is timely and commendable and we gratefully acknowledge the response of Government to public opinion in this respect. I am not sure, however, that public opinion will be satisfied if this Standing Finance Committee is merely to operate over questions of pay and appointments of officers and I hope Government will not seek to confine the Committee's work to these matters. It seems to me that here is an opportunity for Government to utilize the business experience and knowledge of those who will be associated with the Committee and if this is carried out with goodwill and co-operation on both sides I am confident a great deal of usefulness and assistance can be derived from that Committee's work.

Sir, I support the Bill.

THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY (East Bengal: Non-Muhammadan): Sir, although the Government said that we were to get dominion status of the Westminster type soon after the war, they did not think it fit as in the case of the other dominions to consult the Indian Legislature before launching India into the war. They might have intimated the fact of sending Indian troops outside to Party leaders but that is hardly sufficient for the purpose of obtaining the approval of the Legislature. I therefore take this opportunity of protesting against such treatment and of expressing our viewpoint about the war. Before I do so, I may say that if the British Government had, as they say, they are willing to do, granted freedom to India, before the war began, she could have averted the war by appeasing Germany much more easily than Mr. Chamberlain trying in vain to postpone it merely as at Munich. However, as that is a matter no longer of any present bearing, I shall confine myself to a consideration of what under the present circumstances should have been the best attitude for India to have adopted. Almost every country in Europe and Turkey and Egypt has, in consideration of her insufficient economic and military strength, adopted an attitude of neutrality in this great war between two nations striving for world domination. Canada under the protecting wings of the United States and Australia being far away from the theatre of war and both being peopled by the same race could have afforded to join the war, but there is a strong party in South Africa which is for neutrality and Ireland though very closely situated has remained neutral.

Since then, three other powerful nations, *viz.*, the United States, Russia and Japan are also threatening to join the war.

Poor as India is, in her economic and military resources, it was therefore incumbent upon her to assume an attitude of strict neutrality and equip

herself, to the best of her ability, so as to make up her past delinquency as rapidly as possible.

This England has not allowed India to do, she has dragged India into the war to tap her poor resources, and to secure the services of her famished people by the offer of pecuniary considerations and idle hopes, not so much for the defence of India, but that of the British Empire in which India acts the part of a belot. This is apparent from the fact that a very large part of her troops and war productions are being employed outside India, instead of being conserved for purposes of the defence of India.

Argument is advanced in support of this conduct, that the frontiers of India have now been extended up to Suez.

When Aden was being taken away from the military control of the Government of India argument had been advanced that Aden was beyond the military frontier of India, although Aden was occupied by and at the expense of the Government of India. Nor do I understand what does the British Government mean by saying that the frontiers of India now extend to Suez. Do they mean that Mesopotamia, Irak, Trans-Jordan and Arabia, after the dismemberment of the Turkish Empire during the last war, now form part of the Government of India and not released from the British mandate when native sovereigns were established in them? Are the rulers of those places mere dummies and puppets in the hands of the British Government like their confreres in India? Is that why although Egypt which has been attacked by Italy and Turkey in a huff are still declaring themselves neutral, yet these States dare not open their mouths? These are questions which do not concern India much and I leave them to my Muhammadan friends to elucidate and understand, but I do strongly object to Indian men and resources being used up for their defence specially when we are being threatened on the east by Japan and on the west by Russia. What I ask is, while Russia and Japan are hobnobbing with Germany and the latter has already diverted her attention from China and landed troops in Thailand, what steps have the Government of India taken to defend her frontiers? The speech of the Honourable the Finance Member is absolutely silent on the point. We cannot get aeroplanes before the demand of England is met, nor other machinery or plants from abroad, nor must we set up factories for their construction, because that requires attention and time which the Government can ill afford to spare. Under the circumstances, is it safe for India to send out her troops to a place where they stand the chance of being entrapped by the closing of Aden and outflanked by the Germans and Russians through Turkey and Afghanistan? The British Government boasts of her navy and relies on it for the protection of India. She has already given up the pretence of defending India by her army. What will the British Navy do if Aden is closed and India is attacked through her land frontiers on the east and west and her navy tied down by Japan at Singapore? I want further to understand what are the implications and results of the Eastern Group Conference recently held in India? Who bore its expenses, what scope for industrial development even for purposes of the war will be afforded to India and what help will any of them amongst whom India is an outcast get from the others in the event of being attacked?

Mr. Churchill committed a Gallipoli blunder during the last war. We have already had a Norwegian and a Dunkirk folly committed during the present war and I don't know whether the Indian troops will have to effect a march of retreat through the sands of Arabia and Persia if Aden is closed and Germany with the help of the Turks and Russians come down upon them.

[Mr. Kumar Sankar Ray Chaudhury.]

As India has been rendered too poor and too much unequipped to offer any substantial timely help, she should not fritter away her resources but conserve them for her own defence as the position now is, that if England loses, India having taken her side will be calling upon her the dire vengeance of the winner. We are lightheartedly asked. If England loses, what will happen to India? To that I would reply in the same vein, that we have been so long ploughing a lonely furrow, and we will then have John Bull yoked to us. If, on the contrary, England wins, there is great doubt as to how far the British Government's promises and hopes for the grant of freedom to India with already too many loopholes of escape left in them will be honoured in their fulfilment. We have already seen Mr. Lloyd George's proclamation about the right of self-determination of nations vanish into thin air, and the attitude of the British Government even now towards the offer of co-operation made by the Congress is a clear pointer to that direction. For if she were honest she would have acceded to the demand of the Congress and agreed to vest full powers and responsibility in the hands of the Cabinet and then seen whether we could come to an agreement and form a coalition cabinet or not. This England flatly refused to do on the mere excuse that it would prejudice the case even though the day of judgment is almost upon us. Instead of that, England, to speak in the words of Lord Halifax, like Hitler, "is pursuing a policy of combined cajolery and brutality *vis-a-vis* India".

THE HONOURABLE THE PRESIDENT: Honourable Members, I am sorry that other Members have not risen in their places to address the House today. I will now adjourn this debate till Wednesday next but I must inform Honourable Members who have not spoken today that there is no absolute guarantee that they will get a chance of speaking on Wednesday because Wednesday is a very heavy day and I shall call upon the Honourable the Finance Member about 3-30 P.M. to address the House.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan): Sir, may I say before you adjourn the Council, the present occasion is one of extraordinary importance. You know, Sir, the considerable time which the debate took in the other House.

THE HONOURABLE THE PRESIDENT: I am prepared to sit till 7 P.M. on that day if you like.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: What I submit is this. Suppose the debate is not finished on Wednesday?

THE HONOURABLE THE PRESIDENT: I shall finish the debate on Wednesday if we have to sit till 8 P.M.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Well, you can make us sit as long as you like, but what I was venturing to say was that if the debate was prolonged it could be carried on even to the next official day. There is no absolute necessity for finishing it on Wednesday. I admit you have allowed us full latitude today.

THE HONOURABLE THE PRESIDENT: I have already said that you can speak on that day. You will probably take more than an hour and a half.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** I have no intention of doing so, Sir, notwithstanding your encouragement. But there are so many Members yet to speak.

**THE HONOURABLE THE PRESIDENT :** I have only said that I cannot guarantee that all those who have not spoken will have an opportunity of speaking. That is all that I have said.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** All the Members will not have a chance of speaking if you decide to close the debate the day after tomorrow. But what I am venturing to ask is whether it is necessary to do so. There is no reason why the debate must conclude on that day.

**THE HONOURABLE THE PRESIDENT :** The Honourable Member ought to know that it is not necessary that every Member present in the House must address the House and that the President should not close the debate till every Member has addressed the House. If the President feels that the whole case has been thoroughly discussed and thrashed out he has got the right, and there are many precedents before me, he has got the right to close the debate at any time.

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The Council then adjourned till Eleven of the Clock on Tuesday, the 26th November, 1940.

*CORRIGENDUM.*

*Council of State Debates, Vol. I, 8th April, 1940, page 507.*—In the first line of the answer to question No. 93, for the figure “57”, substitute “58”.