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EIGHTH SESSION
OF THE
FOURTH COUNCIL OF STATE



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COUNCIL OF STATE.

Friday, 29th November, 1940.

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

MEMBER SWORN :

The Honourable Mr. John Francis Sheehy (Nominated Official).

QUESTIONS AND ANSWERS.

PUBLICATION OF THE INDIAN TRADE JOURNAL.

60. THE HONOURABLE MR. G. S. MOTILAL : (a) Will Government state the reason for discontinuing publication of the *Indian Trade Journal* ?

(b) Is it a fact that the *Board of Trade Journal* published from London is not discontinued ?

(c) What other publications have Government discontinued or propose to discontinue, and for what reasons ?

THE HONOURABLE SIR ALAN LLOYD : (a) The publication of a few issues of the *Indian Trade Journal* was discontinued because it was thought that the information given therein might be sent out of the country and be of use to the enemy. Recently, however, publication and sale within India have been renewed pending further enquiry into the matter.

(b) It is a fact that the *Board of Trade Journal* is still being published in London.

(c) The sale in India of a considerable number of other publications was temporarily suspended in similar circumstances to those in which the sale of the *Indian Trade Journal* was suspended ; but their sale has been resumed with the exception of the ten named in the list which I lay on the table.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member give reasons for the discontinuance ?

THE HONOURABLE SIR ALAN LLOYD : I have already given them.

THE HONOURABLE MR. HOSSAIN IMAM : I want reasons for their discontinuance.

THE HONOURABLE SIR ALAN LLOYD : I have given them in reply to part (a) of the question.

THE HONOURABLE MR. HOSSAIN IMAM : I am referring to the list which the Honourable Member is laying on the table.

THE HONOURABLE SIR ALAN LLOYD : The reason is the same.

Publications the sale of which has been discontinued.

1. Statistics of Rail and River-borne Trade.
2. Accounts relating to the Inland (Rail and River-borne) Trade of India.
3. Accounts relating to the Sea-borne Trade and Navigation of British India for the calendar year.
4. Annual Statement of the Sea-borne Trade of British India with the British Empire and foreign countries, Volumes I and II.
5. Accounts relating to the Sea-borne Trade and Navigation of British India.
6. Monthly Statistics of the production of certain selected industries in India.
7. Trade at stations adjacent to Land Frontier Routes.
8. Trade Statistics relating to the Maritime States of Kathiawar and the State of Travancore.
9. Accounts relating to the Coasting Trade and Navigation of British India.
10. Large Industrial Establishments in India.

REDUCTION IN THE OFFICE ESTABLISHMENT OF DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, NAGPUR.

61. THE HONOURABLE MR. V. V. KALIKAR : (a) Has there been heavy reduction in the office establishment of the Deputy Accountant General, Posts and Telegraphs, Nagpur? If so, will Government state the number and the maximum and minimum length of service put in by the discharged persons?

(b) Was the retrenchment made by the Deputy Accountant General, Posts and Telegraphs, Nagpur, on his own initiative or under the instructions of Government?

(c) If the retrenchment was made under the instructions of the Government of India, will Government state the reasons for the same?

(d) Has any retrenchment been made in the offices of the Deputy Accountants General, Posts and Telegraphs of Calcutta and Delhi?

(e) Do Government propose to make any provision for the discharged men in the Nagpur office? If not, why not?

THE HONOURABLE MR. C. E. JONES : (a) Yes; 53 temporary men were discharged. They had rendered temporary service ranging from about six weeks to about four years.

(b) and (c). The surplus men were discharged by the Deputy Accountant General in accordance with Standing Orders, under which the strength of the Postal Audit Offices staff is regulated according to the volume of work from time to time.

(d) Yes.

(e) Every possible effort is being made to obtain re-employment for the discharged men, either in the Nagpur office, or in other civil or military accounts offices.

SHIPS REQUISITIONED BY GOVERNMENT.

62. THE HONOURABLE MR. G. S. MOTILAL : (a) How many ships have been requisitioned by the naval authorities with the approval of the Government of India?

(b) How many of them belong to companies registered in India and how many of them to companies registered abroad?

(c) Whether the amount of compensation to be paid to the companies concerned has been fixed for the ships requisitioned for use and also in case of loss of ships ?

THE HONOURABLE SIR ALAN LLOYD : (a) and (b). Government are unable in the public interest to furnish the information asked for by the Honourable Member.

(c) The matter is still under investigation.

RESTRICTIONS ON THE MOVEMENT OF SHIPS EMPLOYED IN THE COASTAL TRADE.

63. THE HONOURABLE MR. G. S. MOTILAL : (a) Have the Government of India issued an Ordinance restricting the movement of ships on the Indian Register ? If so, how many such ships are affected ?

(b) Whether similar restrictions are applied to ships registered abroad and carrying on coastal trade ?

(c) Are these restrictions applied only to Indian-owned ships ?

(d) Are the ships of the British shipping companies free to charge such rates as they like and have no restrictions been put on their movements ?

(e) Why is this discrimination against Indian shipping adopted ?

THE HONOURABLE SIR ALAN LLOYD : (a) With regard to the first portion of this part, the attention of the Honourable Member is invited to the Commerce Department Notification No. 160-M. I. W. (3)/1/40, dated the 19th September, 1940, issued under rule 65 (1) of the Defence of India Rules, a copy of which is in the Library of the Legislature. As regards the latter portion, about 80 vessels may be affected.

(b) No.

(c) The restrictions are applied to all Indian Registered ships without regard to ownership.

(d) The Government of India are not at present imposing any restrictions on the rates of fares and freights levied by ships whether on the British or Indian Register employed in the coastal trade. No restrictions have been imposed on the movements of British Registered ships as they have all been requisitioned by His Majesty's Government and their movements are fully controlled by that Government.

(e) Does not arise in view of the position explained against part (d).

[64.* THE HONOURABLE MR. G. S. MOTILAL : Do Government propose to discontinue payment of the subsidy to Sind in view of the continuous campaign of murder and loot of Hindus in that Province ?]

INDIAN SHIPPING ADVISER.

65. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What are the reasons for the creation of the post of Indian Shipping Adviser and what are the functions and powers of the Adviser ?

THE HONOURABLE SIR ALAN LLOYD : The attention of the Honourable Member is invited to the Press Communiqué, dated the 22nd August, 1940, a copy of which is laid on the table of the House.

*This question was not put by the Honourable Member.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

*Simla, the 22nd August, 1940.**Press Communiqué.*

The Government of India are creating a post of Indian Shipping Adviser in Bombay. This Adviser will be subordinate to the Government of India but, in respect of ships on the British Register, will work under the control of the Shipping Controller for India. He will keep himself informed of movements of all ships based on India and also, through the Port Committees of the Export Advisory Council of the position relating to cargo awaiting shipment. His duties will be to co-ordinate the use of ships based on India to meet defence requirements, requirements of the coastal trade, and where freight is available for the purpose, requirements of the export trade also. Enquiries in connection with shipping space should continue, as at present, to be addressed to the Shipping Controller for India at Calcutta, but copies of such enquiries may be sent also to the Indian shipping Adviser.

H. C. PRIOR,

Additional Secretary to the Government of India.

INDIAN SHIPPING ADVISER.

66. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will Government state the reasons for appointing a non-Indian as Indian Shipping Adviser ?

THE HONOURABLE SIR ALAN LLOYD : With your permission, Sir, I shall answer questions Nos. 66 and 67 together.

Captain H. L. Davis, R.I.N., is performing the duties of Indian Shipping Adviser in addition to his duties as Nautical Adviser to the Government of India. No fresh appointment to Government service has been made and Captain Davis' experience in the Mercantile Marine Department made him the most suitable officer among those already in Government service for taking on these additional duties.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is he performing his ordinary duties in addition to the new duties entrusted to him ?

THE HONOURABLE SIR ALAN LLOYD : Yes, Sir.

INDIAN SHIPPING ADVISER.

67. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What are the special qualifications of Captain Davis for which he has been appointed Indian Shipping Adviser and why has not a non-official Indian been appointed ?

(See answer to Question No. 66.)

INDIAN SHIPPING ADVISER.

68. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will the Indian Shipping Adviser work under the control and direction of Sir George Campbell, Shipping Controller in India ? If so, to what extent ?

THE HONOURABLE SIR ALAN LLOYD : One of the duties of the Indian Shipping Adviser is to advise the Government of India in connection with the requirements of the coastal trade of India, and in the performance of this

duty he requires to know the position of British registered ships based on India and requisitioned by His Majesty's Government. As the Shipping Controller for India working under the authority of that Government has control of these ships, the Indian Shipping Adviser is dependent on him for the necessary information required and he therefore works in consultation with him though submitting reports direct to Government.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Has there been any shortage of tonnage in Indian waters ?

THE HONOURABLE SIR ALAN LLOYD : Not at the moment.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Why has the Controller of Indian Shipping been appointed then ?

THE HONOURABLE SIR ALAN LLOYD : There may be a shortage at any moment.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : At the present time there is none.

THE HONOURABLE SIR ALAN LLOYD : Not at the moment, Sir ; but there is such a thing as being prepared, as was explained yesterday in the course of the discussion.

PROJECT OF THE SCINDIA STEAM NAVIGATION CO., LTD., FOR A SHIPBUILDING YARD AT VIZAGAPATAM.

69. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will Government state what support they are extending to the project of Messrs. Scindia Steam Navigation Company, Limited, for having a shipbuilding yard at Vizagapatam ?

THE HONOURABLE MR. H. DOW : The Scindia Steam Navigation Co., Ltd., Bombay, is negotiating with Government for a long term lease of about 2,78,000 square yards of land at the Vizagapatam Harbour for a shipbuilding yard, and of 145 acres in the vicinity to be used for establishing a labour colony in connection with the proposal. Government will be prepared to give such assistance as is possible from time to time, having regard to the higher priorities which must be accorded to certain other war demands, in the acquisition of the necessary plant and materials.

BUILDING OF MERCHANT SHIPS.

70. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will Government state whether they propose to consider the question of building merchant ships in India as a part of war effort and to encourage actively such shipbuilding as is being done in Australia and Canada ?

THE HONOURABLE SIR ALAN LLOYD : Government are not proposing to encourage actively the merchant shipbuilding industry in India as part of their war effort, though they are prepared to give such assistance as they may find advisable in such matters as leasing of sites.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Are they aware of what is being done in Australia and Canada in this matter ?

THE HONOURABLE SIR ALAN LLOYD : Yes, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What are the reasons for their not being prepared to give more active assistance than that referred to by the Honourable Member ?

THE HONOURABLE SIR ALAN LLOYD : Sir, I find some difficulty in answering that question. I do not know what "active assistance" the Honourable Member has in mind.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The other governments are following a positive policy in this matter. Have the Government of India too a positive policy or not ?

THE HONOURABLE SIR ALAN LLOYD : Yes, Sir, the positive policy that was described by my Honourable friend the Vice-President of the War Supply Board.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That is, they will give the minimum assistance of the kind described by Mr. Dow.

THE HONOURABLE MR. H. DOW : No, Sir. I did not say they could give the minimum assistance.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I did not say that, but I want to know what the Secretary of the Commerce Department means.

THE HONOURABLE SIR ALAN LLOYD : They will give all the assistance that is practicable and reasonable.

THE HONOURABLE MR. HOSSAIN IMAM : Any subsidy included in that every possible assistance ?

THE HONOURABLE SIR ALAN LLOYD : No subsidy has been asked for by anyone wishing to undertake the enterprise.

THE HONOURABLE MR. HOSSAIN IMAM : Any guaranteed work ?

THE HONOURABLE SIR ALAN LLOYD : I am not aware that any guarantee has been asked for.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : But I take it that none of these forms of assistance is ruled out ?

THE HONOURABLE SIR ALAN LLOYD : I think, Sir, that in the conditions in which we live today, we might say that nothing is ruled out.

SUPERIOR STAFF OF THE OFFICE OF THE PRESS ADVISER AND THE OFFICE OF THE DIRECTOR OF PUBLIC RELATIONS.

71. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Will Government state the names of the superior officers in the Press Adviser's Department and the Defence Publicity Section together with the salary paid to each of them ?

(b) Are any of them Indian ? If not, why not ?

THE HONOURABLE MR. E. CONRAN-SMITH : (a) I lay a statement on the table.

(b) None of them is an Indian. They were selected in view of their special experience in the type of work required. I may however add that Press Advisers have also been appointed by Provincial Governments and a considerable number of them are Indians.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Am I to take it, Sir, that the Central Government could not find a single competent Indian journalist for appointment either in the Defence Publicity Section or to a superior post in the Press Adviser's Department ?

THE HONOURABLE MR. E. CONRAN-SMITH : I don't think, Sir, that is a fair deduction from what I have said.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Why is it that Europeans alone have been appointed to the posts referred to in my question ?

THE HONOURABLE MR. E. CONRAN-SMITH : One of the particular officers concerned happened to have been called up for service and was immediately available and Government felt that his special qualifications could more profitably be used in this office than in ordinary service.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : But what about the other posts ? Why could not Indians be appointed to some of the other posts ?

THE HONOURABLE MR. E. CONRAN-SMITH : I think, Sir, I have really adequately answered that when I said that these officers were selected in view of their special experience for the kind of work required.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Sir, are there not a number of Indian journalists here whose experience of journalism is not less than that of some of the men who have been appointed ?

THE HONOURABLE MR. E. CONRAN-SMITH : I have no doubt there are, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Then why have Indians been completely ignored ?

THE HONOURABLE MR. E. CONRAN-SMITH : I have answered the question .

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The Honourable Member has not answered it at all. I have asked him why Indians with suitable qualifications have not been appointed, as it is not his contention that no Indian with proper qualifications was available.

THE HONOURABLE MR. E. CONRAN-SMITH : I have already explained, Sir, as regards one of the officers in the Chief Press Adviser's office, and as regards the other, Government considered that, having regard to all the circumstances of the case, the appointment was a proper one.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Do Government think that the information that these officers are likely to obtain in the course of their work should be available only to European officers and that Indians cannot be entrusted with it ?

THE HONOURABLE MR. E. CONRAN-SMITH : The answer, Sir, is in the negative.

THE HONOURABLE MR. HOSSAIN IMAM : May I ask, Sir, when was the last appointment made of any of the officers in this grade ?

THE HONOURABLE MR. E. CONRAN-SMITH : I must ask for notice of that question, Sir.

Statement giving the information asked for in part (a) of question No. 71.

(1) Office of the Chief Press Adviser to the Government of India.

Name.	Designation.	Pay. Rs.
1. Mr. Desmond Young . . .	Chief Press Adviser. . .	2,750
2. Mr. E. V. Britter . . .	Assistant Press Adviser . . .	1,200

(2) Office of the Director of Public Relations.

Name.	Designation.	Pay. Rs.
1. Lt.-Col. I. S. Jehu . . .	Director of Public Relations . . .	1,880
2. Captain N. L. Emmerson . . .	Assistant Director of Public Relations . . .	960
3. Captain G. C. D. Dorsett . . .	Official Photographer . . .	940

WAGE RATES OF INDIAN LABOURERS IN MALAYA.

72. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : With reference to the reply given to my question, No. 70, on the 2nd April, 1940, have the Government of Malaya gazetted the wage rates for Indian labourers which came into force on the 1st October, 1939, viz., 50 cents per day for men and 40 cents for women ? If not, what is the delay due to ?

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI : The reply to the first part is in the negative. As regards the second part, the level at which standard wages should be gazetted is still the subject of correspondence between the Government of India and the Malayan Governments.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : How long has this subject been under correspondence ?

THE HONOURABLE SIB GIRJA SHANKAR BAJPAI : Sir, my Honourable friend is well aware of certain discussions which we had with the representatives of the Government of Malaya. Since then, the actual wage rates have been brought up to what we considered to be suitable standard rates for the old labourers. These rates are still being paid. The question is one of gazetting them and that is a point which is still in issue between the Government of Malaya and ourselves.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What is the Government doing to expedite the conclusion of these negotiations ?

THE HONOURABLE SIB GIRJA SHANKAR BAJPAI : I think, Sir, that my Honourable friend would appreciate the undesirability of saying too much on the subject publicly. What I can tell him is that Government have not lost sight of the desirability of getting an early settlement of this question, nor have they in any way relaxed in their intention that the wage rates should be gazetted rates.

PAYMENT OF COST OF LIVING ALLOWANCES TO INDIAN ESTATE LABOURERS IN MALAYA.

73. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : With reference to the reply given to my question, No. 71, on the 2nd April, 1940—

- (a) Are Government aware that since May last the Government of the Federated Malaya States have raised the rates at which cost of living allowances are payable to labourers employed under any public authority and that labourers whose daily wages do not exceed \$ 1.50 are paid \$ 2.20 per month or about 8 cents per day ?
- (b) What steps have Government taken to have the same allowances paid to Indian labourers on rubber plantations ?
- (c) What reply they have received from the Malayan Government to their Despatch "regarding labour conditions generally in Malaya as affected by the outbreak of the war" ?

THE HONOURABLE SIB GIRJA SHANKAR BAJPAI : (a) Yes. There has been a further increase since October. Labourers earning less than \$1 a day get a monthly allowance of \$ 2.60 and those earning from \$ 1 to \$ 1.50 get an allowance of \$ 3.00.

(b) The Honourable Member is aware that this question is closely allied to the whole question of wages which is now under discussion between the Government of India and the Malayan Government. Some estates have sanctioned an increase over the rates of 50 cents for men and 40 cents for women.

(c) The reply is now under consideration and it would be premature to disclose its terms at this stage.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : With regard to the answer given by the Honourable Member to part (b) of my question, may I ask why the labourers working on plantations should not be given any war allowance independently of the settlement of the standard wage rates ?

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI : Sir, my Honourable friend will again, if I might remind him, recollect that we have fixed standard wage rates on the basis of a family budget. That family budget again in turn is related to the cost of living. The difference between the two sets of workers, that is to say, those who have got this bonus or cost of living allowance and workers on Indian plantations is this, as far as I know, that the wage rates of the former have been in no way increased nor do I know that they have in any way been related on the basis of the family budget to the cost of living, whereas the contrary is the case with Indian labour.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : But is it not a fact that the rates paid by the Malayan Government to Indian labourers have been related to the wages paid on rubber plantations? Only, the Government have set a good example to the planters in this matter by always being a little in advance of them.

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI : I have no doubt, Sir, that like for like, the question of supply and demand is taken into account by different sets of employers. What I would submit for the consideration of Honourable Members is that there has been no such detailed investigation as to the basis of fixing wage rates for ordinary government labour as there has been for Indian plantation labour. I would, however, like to inform my Honourable friend that the question as to whether a special cost of living allowance for Indian plantation labour is desirable in the prevailing circumstances is under consideration.

REVISION OF WAGES OF INDIAN LABOURERS IN MALAYA.

74. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Are Government aware that strikes in the rubber industry which has been declared to be an essential industry have been made illegal by the Malayan Government and that the Indian labourers on rubber estates can not therefore secure an increase in their wages without the active support of the Government of India?

(b) In view of this, have Government taken or do they propose to take any special steps to help the Indian labourers?

(c) Are Government aware that the wages of Chinese labourers have risen substantially since the outbreak of the war and are 80—90 cents per day now?

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI : (a) and (b). The Government of India understand that under the Emergency Regulations in force in the Straits Settlements and Federated Malay States strikes and lock-outs in the rubber industry have been prohibited. With reference to the second part of (a) and part (b) of the question I would invite the Honourable Member's attention to the reply I have just given to part (b) of his preceding question.

(c) Yes.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : With regard to (b), what are the special steps Government are taking to help Indian labour?

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI : Well, that would be a long story. The report of the Indian Agent in Malaya can give an account of the steps that are being continually taken to help Indian labour.

INDUSTRIAL UTILIZATION OF THE RESULTS OF THE INVESTIGATIONS CONDUCTED UNDER THE AUSPICES OF THE BOARD OF SCIENTIFIC AND INDUSTRIAL RESEARCH.

75. THE HONOURABLE PANDIT HIRDAY NATHU KUNZRU : (a) Is the Board of Scientific and Industrial Research empowered to take steps to bring about the industrial utilization of the results of the investigations successfully conducted under its auspices? If not, what measures have Government adopted to secure that scientific research leads to increased production and the establishment of new industries?

(b) Has the Board, during the few months that it has been in existence, been able to benefit any existing industry or to help in the establishment of any new industry?

THE HONOURABLE SIR ALAN LLOYD : (a) The answer to the first part of the question is in the affirmative. The second part does not arise.

(b) It has been possible to collect useful industrial information and to achieve results from certain researches that will prove beneficial to industrial development in this country.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Has the attention of Government been drawn to the article contributed by Dr. Bhatnagar to the Eastern Group Conference number, that is, the Industrial number of the *Hindustan Times* in which he has said that the Board of Scientific and Industrial Research is not concerned with the practical utilization of processes already known or of the results of the investigations carried out by it?

THE HONOURABLE SIR ALAN LLOYD : I have not seen the article referred to, Sir, but what the Honourable Member has said leads me to explain that the sort of steps which I had in view when I answered his question in the affirmative was that of bringing the results of researches to the notice of industrialists. It is that which the Board of Scientific and Industrial Research is competent to do. That statement is in no way in conflict with the statement attributed to Dr. Bhatnagar that the Board is not itself competent to undertake industrial utilization.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What are the steps that Government themselves have taken or propose to take in order to see that the results of the investigations are properly utilized in the interests of the country?

THE HONOURABLE SIR ALAN LLOYD : The concern has been going on for such a short time that it has not been possible or practicable to do anything very much so far. But I might say we have at present in the Press a survey of researches, which will be given wide publicity amongst all industrialists who might be interested; and when the Board next meets in a few weeks' time we shall consult them as to further measures that can be taken, now that sufficient time has elapsed to produce results the publication of which to industrialists will be useful.

THE HONOURABLE MR. HOSSAIN IMAM : Have Government yet found that any of these investigations have been utilized by the industrialists?

THE HONOURABLE SIR ALAN LLOYD : I am afraid I cannot answer that question specifically, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What I want to know is whether Government realize that while it may be profitable by itself to take advantage of certain results achieved by this Board, from the commercial point of view, at the present time, private companies might find it more profitable to continue the work in which they are already engaged, as it yields them a higher profit. In such cases what do Government propose to do in order to see that the establishment of industries which may be regarded as of national interest is not impeded by the refusal of the industrialists to utilize the results of these investigations ?

THE HONOURABLE SIR LAN LLOYD : I have listened to the Honourable Member's speech with some interest, but if I might try to reduce it to the dimensions of a question, the answer, I think, is what I have already given. We have under active consideration the measures to be taken to bring the results of the researches to the notice of industrialists. Until that has been done it would be a little unreasonable to accuse industrialists of not taking advantage of the results of the researches.

DEVELOPMENT OF INDUSTRIES.

76. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Did the Commerce Member state in the Legislative Assembly on the 12th March, 1940, that he was engaged in an active examination of the industries which were essential for war purposes and the key industries which should be developed to make up for the reduction of imports owing to the war ? If so, will Government state what has been the result of this examination ? Which industries have been developed or started since March last ?

THE HONOURABLE SIR ALAN LLOYD : I repeat the actual words used by the Honourable the Commerce Member in the Legislative Assembly on the 12th March, 1940. He said: "The question is under active consideration as to how far the essential industries that are needed for the prosecution of the war and for making up the lacuna to key industries that is found owing to the loss of our imports can be encouraged by Government." As regards the other parts of the question, I would invite the attention of the Honourable Member to the statement laid by me on the table of the House on the 25th November, 1940, in reply to question No. 33 asked by the Honourable Mr. M. N. Dalal.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is the Honourable Member referring to the statement in which he mentioned that three or four industries like canvas and one or two other things had been promoted since March last ?

THE HONOURABLE SIR ALAN LLOYD : I am referring to the statement which included an account of activities promoted through the Department of Supply and I think it would be a very grave under-statement to say that that only referred to three or four items.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Could the Honourable Member mention again the industries that have been developed since March last and which he referred to in the statement which he placed on the table in reply to the Honourable Mr. Dalal's question ?

THE HONOURABLE SIR ALAN LLOYD : I regret to say that I have not got a copy of the statement that I laid. It is in the records of the House.

LIBERALIZATION IN THE CONDITIONS OF THE FISCAL COMMISSION FOR THE GRANT OF PROTECTION TO INDUSTRIES.

77. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Did the Commerce Member state in the Legislative Assembly on the 12th March, 1940, that Government were thinking "of making a little liberalisation in the conditions of the Fiscal Commission so as to encourage the production of those commodities which we feel essential for our war needs"? If so, what are the conclusions at which Government have arrived and which industries have been encouraged? Will Government make a full statement on the subject?

THE HONOURABLE SIR ALAN LLOYD : Yes, Sir. I would invite the attention of the Honourable Member to the Press Note issued by Government on the 26th March, 1940. As a result of the liberalization in the conditions laid down by the Indian Fiscal Commission for the grant of protection to industries assistance has been offered to the manufacture in India of—

1. Bichromates ;
2. Steel pipes and tubes up to a nominal bore of four inches ; and
3. Aluminium.

Other industries requiring assistance from Government are expected to present their case to the Department of Commerce. Such cases undergo an *ad hoc* examination, without an elaborate Tariff Board enquiry, and the Government of India are prepared to waive or to allow such modifications in regard to the conditions as would seem to be justified by the circumstances of each case.

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THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Are Government considering any further departure from the recommendations of the Fiscal Commission or does the Press Note to which the Honourable Member has referred express their final views on the subject?

THE HONOURABLE SIR ALAN LLOYD : I would again repeat what I said earlier today that in present circumstances it would be difficult to say that finality has been reached anywhere.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What I want to know is whether the matter is still under consideration or whether Government have stopped considering this question altogether for the time being?

THE HONOURABLE SIR ALAN LLOYD : Sir, the Government consider this question on every individual case that comes before them.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What about the policy? I am not putting the question so much about any individual industry as about the policy to be pursued in this matter.

THE HONOURABLE SIR ALAN LLOYD : Sir, in present circumstances, it is extremely difficult to specify a policy within the four corners of which every application must be dealt with.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : May I take it to mean that the Government of India will not consider themselves bound by the recommendations of the Fiscal Commission at all ?

THE HONOURABLE SIR ALAN LLOYD : The Government of India hold themselves at liberty to relax those conditions in suitable cases.

ROYAL INDIAN NAVY.

78. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What has been the increase in the number of (a) officers and (b) ratings in the Royal Indian Navy since the outbreak of the war ? How many of the additional officers are pure Indians, Anglo-Indians and Europeans, respectively ?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : It is not in the public interest to disclose the figures of the increase in the strength of the Royal Indian Navy since the outbreak of the war. The proportion of European, Anglo-Indian and Indian officers and warrant officers recruited since the outbreak of the war is—

	Per cent.
Europeans	52
Anglo-Indians	5
Indians	43

THE HONOURABLE MR. HOSSAIN IMAM : Can the Honourable Member give the communal proportion ?

THE HONOURABLE MR. A. DEC. WILLIAMS : I have not got the information, and, what is more, I am not prepared to give it.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Government having supplied similar information with regard to the Army, why is it contrary to the public interest to supply the information I have asked for with regard to the Royal Indian Navy ?

THE HONOURABLE THE PRESIDENT : That is your argument.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : But I want to know that, Sir.

THE HONOURABLE MR. A. DEC. WILLIAMS : I should like to say once and for all that so far as defence matters are concerned, if I am unable to answer a question because it is not in the public interest, I am not prepared to enter into a discussion as to why it is not.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That means that the Defence Department has something to conceal.

THE HONOURABLE THE PRESIDENT : That is an inference which I disallow.

GRANTS SANCTIONED FOR VARIOUS SCHEMES UNDER THE BOARD OF SCIENTIFIC AND INDUSTRIAL RESEARCH.

79. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will Government (a) state the amounts sanctioned for the various schemes of scientific and industrial research worked directly under the supervision of the Director of the Board of Scientific and Industrial Research, and individual scientists, and (b) place on the table a list of the colleges and universities where research financed by the Board is being carried on together with the amount sanctioned in each case ?

THE HONOURABLE SIR ALAN LLOYD : (a) A statement containing the information asked for is laid on the table.

(b) The information is being collected and will be laid on the table in due course.

Statement showing the amounts sanctioned for the various schemes of Scientific and Industrial Research worked directly under the supervision of the Director of Scientific and Industrial Research, and individual Scientists, during 1949-51.

Schemes worked under the direct supervision of the Director, Scientific and Industrial Research.	Amount sanctioned for remuneration to scholars, equipment and stores, etc., for the current financial year.
	Rs.
1. Scheme for utilization of vegetable oils	2,200
2. Scheme for manufacture of ammonium phosphate from calcium phosphate	1,350
3. Researches in Plastics	3,250
4. Scheme for extraction of Sulphur Compounds from coal, oil and other mineral products	1,192
5. Scheme on the preparation of some alkaloids and Indus- trial utilization of Bhilawan resin and manufacture of plant drugs. (To be worked by Dr. S. Siddiqui, Organic Chemist of the office of the Director, Scientific and Indus- trial Research)	6,000
	13,992

Schemes worked by individual scientists.	Amount sanctioned for remuneration to scholars, equip- ment and stores, etc., for the cur- rent financial year.
	Rs.
1. Dr. N. N. Godbole for researches on use of neem oil for producing Denaturant for rectified spirit	1,500
2. Dr. K. G. Naik for research on sulphonation of Indian vegetable oils	1,100
3. Dr. M. D. Quereshi for working out a cheap and efficient method for refining castor oil	2,500
4. Dr. Venkataraman for research on fortification of oils	550

Schemes worked by individual scientists.	Amount sanctioned for remuneration to scholars, equipment and stores, etc., for the current financial year.
	Rs.
5. Dr. N. N. Goswami for research on splitting of oils and preparing stearic and Oleic acids	1,800
6. Dr. J. C. Ghosh for research on manufacture of fixed Nitrogen fertiliser independent of Sulphuric acid and manufacture of urea from ammonia and carbon dioxide	5,800
7. Dr. J. N. Ray for research on the manufacture of atropine, emetine, adronaline, afomorphine and aeriflavine	2,750
8. Dr. P. C. Mitter for research on the manufacture of Rivanol	1,500
9. Dr. P. C. Guha for research on manufacture of Organo-arsenical compounds needed immediately	2,100
10. Dr. R. M. Siddiqui for studies in therapeutics of some of the indigenous drugs of India	2,500
11. Dr. P. K. Bose for research on utilisation of commercial xylene for Dettol type of compounds	400
12. Dr. J. C. Ghosh for research on making of formaldehyde from commercial methyl alcohol	4,400
13. Dr. M. N. Goswami for researches on utilisation of oil plastics	1,700
14. Dr. D. K. Sen for the purchase of pilot plant for production of urea and malamine and for that of a wood flour plant	10,000
15. Dr. M. N. Saha for research on manufacture of vacuum and compressor pumps	4,600
16. Prof. K. Aston for research on construction of condensers and of wireless resistances	1,150
17. Dr. Mackenzie Taylor for researches on preparation of Sodium Carbonate	1,484
18. Dr. K. Venkataraman for research on manufacture of alzarine and Indanthrene blue	1,600
19. Prof. M. L. Joshi for research on high grade fire clays, etc.	4,520
20. Dr. A. Nadel for research on purification of sands and preparation of special glass for rodding	1,960
21. Dr. L. C. Verman's scheme for laboratory scale manufacture of carbon electrodes	1,400
22. Prof. L. Aston for research on manufacture of large size electrodes	5,250
23. Dr. J. C. Ghosh for work on refining natural graphite from the mines of Godavari area	750
24. Dr. B. C. Guha for research on production of acetone butyl alcohol & solvent, etc.	3,500
25. Prof. P. Ray and B. K. Mukerjee for research on extraction of potash salts from Molasses	2,200
26. Mr. M. Sreenivasaya for a scheme of collection of type cultures	1,800
27. Dr. K. Venkataraman for research on production of vegetable dyes from indigenous sources	1,000
28. Dr. J. N. Ray for research on manufacture of acids from Molasses	1,950
Total	71,764
Amount sanctioned for expenditure on Travelling Allowance of various research committees formed under the Board of Scientific and Industrial Research	15,160
Grand Total	1,00,916

AMOUNT SANCTIONED FOR DR. FOX'S SCHEME OF EXPERIMENTAL BORINGS FOR SULPHUR, ETC.

80. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Will Government state the amount sanctioned for Dr. Fox's scheme of experimental borings for sulphur and for other schemes of research in connection with sulphur together with the dates on which the grants were made ?

(b) On what grounds has the Board of Scientific and Industrial Research financed Dr. Fox's scheme, the expenditure on which should be met from the funds of the Geological Survey of India ?

THE HONOURABLE SIR ALAN LLOYD : (a) and (b). A sum of Rs. 10,000 to be met from the grant of the Geological Survey of India has been sanctioned for sulphur investigations by the Geological Survey, and a sum of Rs. 1,192 has been placed at the disposal of the Director of Scientific and Industrial Research from the funds of the Board of Scientific and Industrial Research for research into the possibility of obtaining sulphur from minerals. This expenditure has been sanctioned recently.

PRODUCTION OF A SUITABLE LIQUID FUEL FROM OILSEEDS AND THE PRODUCTION OF POWER ALCOHOL.

81. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Are Government financing research schemes designed to produce a suitable liquid fuel from oil seeds ? Is it expected to be produced at a cost in the neighbourhood of that of power alcohol ? If not, why are the above mentioned schemes being financed ?

(b) What steps do Government propose to take for developing the production of power alcohol ?

THE HONOURABLE SIR ALAN LLOYD : I am making enquiries and will lay the result on the table of the House in due course.

CONTRACTS DIRECTORATE.

82. THE HONOURABLE Mr. HOSSAIN IMAM : Will Government give the following information about the appointment of Indian commissioned officers in the Contracts Directorate :

- (a) the names, nationality, age and province of the Indian officers appointed ;
- (b) the method by which they were selected, the newspapers in which the posts were advertised, the number of applications received ;
- (c) the special qualification of each for the post for which they were selected ; and
- (d) the total number of European officers in the Contracts Directorate on 31st March, 1939, 31st December, 1939, and 31st October, 1940, the number of Indians, if any, on these dates.

THE HONOURABLE Mr. H. DOW : I place on the table a statement giving the required information.

Statement showing particulars of Indian commissioned officers appointed in the Contracts Directorate and the total number of European officers in that Directorate.

(a)		(b)		(c)	(d)	
Name.	Communi- city.	Age.	Province of origin.	(i) Method by which officers were selected. (ii) Papers in which the posts were ad- vertised. (iii) The number of applications received.	Special qualifications of the officer for the post for which selected.	Total number of officers Nation- ality. on on 31-3-39 31-12-39 31-10-40.
Yrs.						
2nd Lieut. Rai Bahadur Hindu Mangharam Tuljaram Wadhvani.	Hindu	42	Sind	(i) Candidates likely to be suitable for employment in the Directorate were interviewed by the Director of Con- tracts and final selections from the names recommend- ed by him were made by Govern- ment. (ii) The posts were not advertised. The appointments were confined to perma- nent and proba- tionary Civilian gazetted officers serving under the Central or Provin- cial Governments. Applications were invited through these Governments	20 years' experience in Finance including Supplies, Contracts, Commerce and Ac- counts Department. Inspector of Factories, Bombay Govern- ment. B.Sc. (Eng.) Practical experience in Engineering stores. Was Assistant Engi- neer in different firms. Assistant Traffic Super- intendent. Expe- rience in Loco Ac- counts, Transporta- tion and Commer- cial work. Has knowledge of Hides and Leather.	Europeans 6 8 16 Indians 3 11
2nd Lt. M. K. Aaver	Muslim	38	Punjab			

A Press Communique

2nd Lieut. P. S. C. Hindu .	40	Madras .	indicating the method of recruitment was issued and published in the Press about the middle of June 1940.	Training Expert, Leather Trades Institute, Madras. Has practical knowledge in purchase of Hides, Skins and Tanning process. Was in business prior to joining the Institute. Holds 1st Class Diplomas from College of Technology, Northampton, etc.
2nd Lieut. S. B. Dutt .	Hindu .	43	Bengal .	Assistant Engineer, B.Sc. (Hons.), Engineering, Glasgow. 14 years' practical experience of works in Great Britain and India.
2nd Lieut. J. Banerji .	Hindu .	36	Bengal .	B.Sc., B.Com., Diploma in Forestry. Joined I.F.S. in 1928. Timber Expert.
2nd Lieut. K.H. Adyanthi Hindu .	39	Sind .	B.Ag. Bombay. Deputy Director of Agriculture, Sind. 14 years' practical experience in Agriculture Department and marketing of food-stuffs.	
Lieut. Hukumat Khan .	Muslim .	32	Punjab .	Marketing Officer, Agricultural Marketing Adviser's Department. 64 years' experience in the marketing of fruits and Foodstuffs.

(iii) 209 applications were received.

REFRESHER COURSES FOR TICKET COLLECTORS, ETC., ON STATE RAILWAYS.

83. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give the following information about the retraining of Ticket Checking Staff of Indian State Railways :

- (a) Whether on the E. I. R., Travelling Ticket Examiners were examined departmentally and were not sent to Chandausi up to 31st March, 1940 ? Why are they being sent now ?
- (b) Does any other railway follow this system, if so, which railway and from what date ?
- (c) What kind of training and for what particular class Chandausi was used up to 31st March, 1940 ? Has the staff been increased between 31st March, 1940 and 31st October, 1940 ?
- (d) What are the advantages of extension of training and what is the cost ?

THE HONOURABLE MR. L. WILSON : (a) The staff in question were examined departmentally up to July, 1940 and since then are being given refresher courses at Chandausi to enable them more readily to reach the requisite standard of efficiency.

(b) No, but the N. W. R. has refresher courses for ticket collectors.

(c) Prior to July, 1940 training in the Chandausi School was mainly for Transportation staff, training for Commercial staff being confined to roadside Assistant Station Masters and a small number of Coaching Clerks. As regards the latter part, one additional instructor has been appointed for the school.

(d) The Honourable Member is referred to the reply to part (a). The additional annual cost of the refresher courses for ticket checking and collecting staff including Travelling Ticket Examiners amounts to Rs. 2,700 per annum.

THE HONOURABLE MR. HOSSAIN IMAM : May we know whether it is the decision of the Railway Board or of the particular railway to have this refresher course ?

THE HONOURABLE MR. L. WILSON : It was the decision of the railway administration concerned.

RESOLUTIONS PASSED AT THE CONFERENCE HELD FOR CONSIDERING THE SUGAR-CANE QUESTION.

84. THE HONOURABLE MR. HOSSAIN IMAM : Has the attention of Government been drawn to the conference held recently by Babu Rajinder Prashad for considering the sugarcane question ? If so, will Government state what action they propose to take on the resolutions passed at this conference ?

THE HONOURABLE SIR ALAN LLOYD : A newspaper report has been seen by me. The Government of India do not propose to take any action on the recommendations of this Committee as such. If the Honourable Member cares to put down specific questions relating to the substance of any of the Committee's resolutions, I shall be glad to reply, in so far as the responsibilities of the Government of India are involved.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member accept a short notice question on the subject ?

THE HONOURABLE SIR ALAN LLOYD : I will consider that when I receive the question.

THE HONOURABLE THE PRESIDENT : There is no time for discussion. Will you please put your next question ?

THE HONOURABLE MR. HOSSAIN IMAM : Sir, he has said on this question he will consider a short notice question.

THE HONOURABLE THE PRESIDENT : When you send him notice of it he will consider whether he is prepared to answer a short notice question or not. That does not require any more explanation.

PROCEEDINGS OF THE SUGAR CONFERENCE.

85. THE HONOURABLE MR. HOSSAIN IMAM : Will Government lay in the Library a copy of the proceedings of the Sugar Conference held by Government at Simla in July ? If not, do they propose to publish a short note on the deliberations of this Conference ? If not, what information can they give to the House ?

THE HONOURABLE SIR ALAN LLOYD : A copy of the letter issued to the Provincial and State Governments concerned summarising the result of the Sugar Conference held at Simla in June, 1940 and asking for their views on the issues raised, is placed in the library.

THE HONOURABLE MR. HOSSAIN IMAM : Has the Government received the replies of the Provincial Governments ?

THE HONOURABLE SIR ALAN LLOYD : Not all, Sir.

THE HONOURABLE MR. HOSSAIN IMAM : From Bihar and the United Provinces ?

THE HONOURABLE SIR ALAN LLOYD : I cannot remember exactly which provinces have replied. I think the Government of the United Provinces have replied.

THE HONOURABLE MR. HOSSAIN IMAM : When do the Government propose to take action on the subject ?

THE HONOURABLE SIR ALAN LLOYD : We will give a reasonable time for replies to be received.

RESOLUTION *RE* NATIONALIZATION OF ESSENTIAL AND KEY INDUSTRIES, ETC.—*continued.*

THE HONOURABLE THE PRESIDENT : The Honourable Mr. Hossain Imam will now proceed with the Resolution* which he moved on the 27th November, 1940.

* *Vide* page 270 of these Debates.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, the Resolution which I read out the day before yesterday had different reactions on different parts of this House. A few of my colleagues considered it to be altogether inappropriate and unnecessary at the present time. Some thought it too long and too varied, and there are a few here to whom it appeared to be an almost anti-capitalistic drive tantamount to preaching communism. But our friend the Finance Secretary's reaction was, as he said yesterday, that I was on the horns of a dilemma, that my attitude towards the Finance Bill and this Resolution could scarcely be reconciled. Sir, I shall try to place before the House facts which will show the urgent necessity of doing something on the lines that I have suggested. In order to justify my demands it is necessary that I should first of all substantiate the premises which I have recited in the Resolution ; and then I would like to present to the House the background against which these items of recommendations should be taken into consideration. And I believe that the House may not agree with me on each and every item that I have suggested or go to the length to which I propose ; but they will be convinced that there is an urgent necessity for doing something and the way in which we are proceeding at the present moment is not sufficient. The first supposition is, Sir, that Indian resources are slender. The people and the Government of India are face to face with a most difficult situation which ordinary means cannot surmount. It has been appreciated by the Government, which would not have imposed an excess profits duty except in exceptional conditions. The representatives of the people to my right were urging intensification of Indianization, tightening up of the rules of the Supply Department, but there was no condemnation of the existence of the Supply Department itself. The Supply Department is not a normal part of the Government. It is agreed that modern warfare is a very expensive thing. In the modern warfare it is the material more than men that go towards winning the war—

THE HONOURABLE THE PRESIDENT : Are you discussing the Supply Department again ?

THE HONOURABLE MR. HOSSAIN IMAM : No, Sir, I am discussing the supplies. I have brought forward a Resolution for the nationalization of industries and that can only be based on the conclusions that at the moment our supplies are neither sufficiently cheap nor abundant nor there is possibility of increasing the supplies unless there is nationalization.

I was saying that modern war is a warfare of material, it has been stated by Colonel Amery and it was stressed by His Excellency when he addressed us the other day on the 20th November. It is common ground between the Opposition and the Government that the taxable capacity of the bulk of Indian population has been exhausted. It is also an agreed item that the productive capacity of the Indian plants, as far as war requisitions are concerned, is greatly limited. The whole of the tenor of the Honourable Finance Member's speech, and the speeches of the Honourable Mr. Williams and Mr. Jones yesterday, was that we have done the best we could with the plants that we have at our hand. I say that to shape our war policy on such slender resources would result, if we rely on ordinary means, in a negative. Extraordinary circumstances can only be met by extraordinary measures. Who would have passed the Defence of India Act, arming the executive with all the power that they require, in normal and peace times ? Similarly, the mobilization of the entire resources is essential for prosecuting the war to a successful end. Mr. President, muddling is the national characteristic of the British people. They do not believe much in planning ahead, while the Germans

have always been noted for their minutest details in working every thing in the Great War I and in the Great War II. Sir, Great Britain in the past had one great advantage. Its diplomacy was marvellous in its history for the last 300 years. It has always succeeded in rallying world opinion—not only rallying world opinion but getting support from the foreign Powers whenever they went to war. Napoleon was isolated. In the last Great War, Russia, Japan, the U. S. A., and other countries sided with Britain. This time England is fighting alone. Your bungling in Russia is responsible for the war, when an ordinary service official was sent to Russia to talk with the successors of the Czar of Russia. That and similar actions of the past have been responsible for your failure. What is the condition now? His Majesty's Government is fighting alone with their backs to the wall. There is no power which has come to join with England. When Poland was attacked, did we go to support it? Norway refused to come in and it was attacked and the result is that the Norwegian Government is sitting in London. Similar has been the fate of Belgium, Holland, Denmark, and other countries. Now Germany has got Japan, if not as an active collaborator, at least as a potential ally. Sir, consider further the fact that Germany enjoys an advantage over the British Empire which is physical. Its lines of communications are unexposed. Every raw material which is being utilized in Germany is within three or four days distance from the manufacturing centre. There are many things which we want to manufacture and to get the raw materials it takes four or five weeks. The seas are all exposed. Aeroplanes are not of avail. This is the back ground of our difficulties. What was our strength in the old days has become our weakness. If in these times we do not mend ourselves and do not reform ourselves, we will go down. If not for all time, at least for the duration of the war you should change your methods. Let us see one item alone. How the Germans are conserving their production and how we are squandering, and when I say Germany I really mean the entire Europe; at the moment every country is under German control. Nothing can get out from the lands under Hitler. You may say "we are blockading". It is quite possible you are blockading, but there are war materials which are essential for the prosecution of war which we are squandering and they are conserving—

THE HONOURABLE THE PRESIDENT: What part of your Resolution are you discussing?

THE HONOURABLE MR. HOSSAIN IMAM: It is nationalization—

THE HONOURABLE THE PRESIDENT: You have not said a word about that.

THE HONOURABLE MR. HOSSAIN IMAM: It is not many days since you have imposed that embargo on the export of scrap iron and pig iron. Nearly a year after the commencement of the war you allowed essential war material to go to potential enemies—(*An Honourable Member*: Not essential to India.) But it is helping the enemy. It is not a question whether it is essential to Britain or not. My question is, why you allowed things necessary to the enemy to go to them?

THE HONOURABLE SIR ALAN LLOYD: If I may intervene, I would point out that most stringent measures have been taken to stop essential things going to the enemy.

THE HONOURABLE MR. HOSSAIN IMAM : I shall cite instances. I said that a month after the commencement of the war you allowed things to go to our enemy (*A Voice* : Not to our enemy.) Japan is a potential enemy—.

THE HONOURABLE SIR ALAN LLOYD : Sir, I must protest against that statement. Anything which is said about our attitude towards Japan would be of the utmost diplomatic delicacy.

THE HONOURABLE MR. HOSSAIN IMAM : Very well. I shall cite the case of Germany. Is there anything which could justify export to Germany ? Right up to March, 1940, France was exporting scrap and pig iron to Luxemburg. (*An Honourable Member* : We are not fighting with France.) We are not fighting with the French but was it not our ally ? Just now a pact has been entered into between Japan and the Netherland East Indies—.

THE HONOURABLE THE PRESIDENT : Have you read the terms of that pact ?

THE HONOURABLE MR. HOSSAIN IMAM : It is public property. Japan will get oil from there which is an essential war material. Sir, I need not hammer this point, but it is apparent that your complacency has brought you into your present plight. Some Honourable Member—I forget who—from the Government side cited to us that at the time of Munich pact, London did not have more than a few anti-aircraft guns. It was a statement made by the ex-British Ambassador in Germany. Aren't you ashamed of that ? Is that not due practically to the fact that you were concentrating on un-essentials and thought war was far off ? And then when the war came, you thought it would be won in a few months. And because Germany did not attack you till March, you thought that the Maginot Line was sufficient to save you and that you had only to prepare yourselves to thrust and to conquer Germany and you were holding your hand because you were not able to go into German territory.

Sir, it is for these reasons that I appeal to the Government, as an extraordinary measure, to control and nationalize those industries which are essential for the war and are key industries.

THE HONOURABLE MR. H. DOW : On a point of information, Sir. Would the Honourable Member kindly enumerate those industries.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, I would enumerate them with great pleasure if the Government will accept my proposal.

THE HONOURABLE MR. P. N. SAPRU : Have they nationalized industries in England ?

THE HONOURABLE MR. HOSSAIN IMAM : Well, Sir, in England the measures that have been taken for the control of industry are far greater than those which have been taken in India. Is the Government prepared to give an undertaking that it will adopt the same measure of control which has been adopted in England ? Even that will go a long way.

THE HONOURABLE MR. H. DOW : You won't even state what industries you want nationalized.

THE HONOURABLE MR. HOSSAIN IMAM : I will cite one instance. It is the steel industry. I think even the Government will agree with me that it is essential and a key industry. And what are the facts? Tata Iron and Steel Co. made during the last financial year a profit of 55 per cent. on the capital invested and Mr. Jones has not been able to get by his excess profits tax even a fifth of that.

THE HONOURABLE MR. C. E. JONES : How do you know?

THE HONOURABLE MR. HOSSAIN IMAM : A statement is published, Sir, giving the amount which is kept for paying the income-tax and the excess profits tax.

THE HONOURABLE MR. C. E. JONES : That is not on an assessment basis.

THE HONOURABLE MR. HOSSAIN IMAM : That is not on an assessment basis but in the next year's account you will know what has been paid. It is no longer a secret.

THE HONOURABLE MR. R. H. PARKER : He is a clever man who knows what the excess profits tax is going to be this year!

THE HONOURABLE MR. HOSSAIN IMAM : Well, they have made a provision of a crore and a half for payment of income-tax and excess profits tax and I think the Honourable Members of the Treasury Benches will admit that Tatas are competent at least in these commercial matters. They are better than Mr. Sheehy's Department might be. They know where Mr. Sheehy will jump in. They will safeguard themselves and take care to have adequate alibis for them. Is the Honourable Member satisfied that the steel industry is a key industry? Would he adopt it for nationalization or for full control of profits? I did not want, Sir, to cite instances. I have been forced by the Vice-President of the War Supply Board to cite only one which came to my mind as the most clear example of people fattening at the cost of the taxpayer. Tatas were making good profit in the past. They are, further, I should say, very well managed, efficient, and their labour is quite contented. They are one of the best industrial organisations that we have. I do not grudge them the profits but when 80 per cent. of that comes from the tax-payers' pocket, you would not object if I ask that this should not be allowed to go on in war time.

Sir, no self-respecting man, whether Indian or of any other country, would admire or have anything but condemnation for the Nazi method of suppression of civil liberties and regimentation. But can you as a conscientious man refuse to admit their superiority in organising war supplies? What wonders they have brought about in 6½ years! We have been at this with all our resources for a year and three months, and look what Lord Lothian had to say in America and the reply to it which has been published today, and look at the handicaps Germany suffered from. She had no colonies. She had to pay an indemnity after the war. She had very little foreign resources in the shape of foreign investments, exchange or gold. She had the drawback of having the gold standard while England had gone off the gold standard in 1931. In fact, when Hitler came into power, Germany was still on the gold standard on the old basis of 20 marks to a pound gold and she continued on that standard, Sir, right up to the beginning of this war. But with all

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these drawbacks, she has prepared a military machine which proved superior to the combined resources of England and France. In mechanization of the army, in aircraft and in everything—

THE HONOURABLE MR. R. H. PARKER : What about the Navy ?

THE HONOURABLE MR. HOSSAIN IMAM : In the Navy too, Sir, they have invented things which have prevented the mighty British Navy from forcing its way or imposing its will on the naval forces of Germany proper. You have not been able to attack a single naval port of Germany.

THE HONOURABLE MR. R. H. PARKER : We have not got an amphibious Navy.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I would like to dilate much on the point of nationalization. I would say that nationalization is my ideal. If you cannot have it, at least have the next best thing, that is, control. And if you adopt item (b) of my Resolution, it would mean that even without nationalization you will have nationalization in effect.

I now come to part (b) of my Resolution which is the imposition of a 100 per cent. excess profits tax on a more equitable basis than the present.

THE HONOURABLE THE PRESIDENT : You are being very generous at the expense of others.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, if the troubles in which the zamindars have been placed by the Congress Ministries were boosted as the industries are in the habit of doing, you would find that we are in a worse plight than we could possibly be even if we had a 100 per cent. excess profits duty. What is this demand ? It is for the excess profits, not for a part out of your legitimate profits. When these profits are directly attributable to the prosecution of the war it is only right that the State should take that. If these profits were being made during peace time, it might have been due to your efficiency or your reduction of costs—

THE HONOURABLE MR. R. H. PARKER : Might even be now.

THE HONOURABLE MR. HOSSAIN IMAM : It is quite a possibility, Sir, but not a probability, just as in the Derby there are a number of entrants
 12 Noon. and the possibility is that even a 100 to 1 horse might win, but the people usually back those which are the fancied horses.

Sir, I was saying that this 100 per cent. excess profits duty should be imposed with certain safeguards. England has imposed it. They have fixed certain safeguards which are not present in the Bill which the Honourable the Finance Member introduced during the last Budget session. I agree that a 100 per cent. excess profits tax on the present basis would be outrageous. I agree with the Honourable Mr. Parker there. There must be a more equitable basis than the one which we have got. For instance, a man who has got Rs. 2 lakhs of capital can make a 15 per cent. profit without paying a penny to Mr. Sheehy, but a man who has invested Rs. 15 lakhs and has been running at a loss, if he makes even a profit of two and a half per cent.,

his money will be taken. (*An Honourable Member* : No.) In an old company, if it has been running at a loss in the past, and when it makes two and a half per cent. it will be caught hold of. It will be 37,500.

THE HONOURABLE MR. J. F. SHEEHY (Nominated Official) : Not necessarily. They can make an application for special consideration.

THE HONOURABLE MR. HOSSAIN IMAM : Special considerations might not be given weight. That is not a thing which we can claim as of right. We want that the safeguard should be fool-proof. Now, Sir, I am not very specific about what should be the equitable conditions. Let those who will be subject to this duty give you what they regard as an equitable basis. If we want a 100 per cent. excess profits tax it is only fair that an equitable basis should be found in consultation with those who are going to be subject to it. That is the reason, Sir, why I have not described what I regard as equitable basis. It is for the Government and the industry to settle on the terms—so far you will not be subject to the excess profits duty and any further profits after that will be subject to a 100 per cent. excess profits duty. This is the case in England. You cannot say that the English Ministers are unmindful of the interests of the English taxpayer. If they have justification for that, what possible justification can you have, who are irremovable and unrepresentative of the people and the interests of India, not to do the same ?

THE HONOURABLE MR. R. H. PARKER : If they make a mistake in England there is no reason why we should make a similar mistake here.

THE HONOURABLE MR. HOSSAIN IMAM : This is a mistake which was made at the time they were doing everything more correctly than in Mr. Chamberlain's time. So I refuse to regard it as a mistake.

THE HONOURABLE THE PRESIDENT : You have got only five minutes more.

THE HONOURABLE MR. HOSSAIN IMAM : I am concluding, Sir. I have finished with two items and the remaining three will not take much time.

Sir, I have made a small suggestion that charity should begin at home. The Honourable the Finance Member the other day said that he had imposed on himself a further taxation of 6 per cent. The income-tax and super-tax on their salaries has risen from 24 per cent., as it used to be, to 30 per cent. I ask, when Government members are making sacrifices, when we are asked to make sacrifices, when industries are making sacrifices, why should not Provincial Governments also come in line and make a little sacrifice ? The essential difference with democratic institutions is that we take the war as a thing by the way, while Germany is making it its one and only concern. It had made it so for six years. Even after the beginning of the war you are not prepared to make war as the one thing which must exclude every other. Every non-essential thing that you can scrap must be utilised for the war if you are to win the war.

Sir, another item on which perhaps I may encounter a great deal of opposition from the Finance Department is the troubled question of the valuation of our gold reserves in the Reserve Bank. Here, as I have urged many times in this House, the Finance Department should not be afraid of doing things which all democratic and independent countries have already done. France has revalued her gold stock in spite of being on the gold standard by

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reducing the gold contents of the franc. The land of the mighty dollar, America, has also reduced its gold content and thereby revalued the gold holdings to a higher figure. Great Britain has continued the longest to value its gold on the old parity—

THE HONOURABLE THE PRESIDENT: Don't you think that you will have a suitable opportunity of discussing such matters at the Budget time?

THE HONOURABLE MR. HOSSAIN IMAM: It is better to discuss them on a Resolution than in the Budget where there are any number of items to be considered. England has gone to the extreme length. Since February, 1940, Sir, gold stock used to be valued at the market rate, which happened to be on that date something in the neighbourhood of 153s. At the moment it is at 168s. per ounce. I am not asking you to go to the extreme length to which the British Government have gone. I ask you to take a figure in between the two, and this will result in a saving of Rs. 1½ crores in our interest charges. We might utilize this surplus value for repatriation of our sterling loans. We can thus save nearly Rs. 1½ crores, and I think Rs. 1½ crores is not a saving which can be easily brushed aside as unessential and as one which you can disregard during the time of war.

The last item, Sir, in my Resolution is really a regularization of the irregular action of the Finance Department. The Finance Department, at the moment, are issuing rupee paper coins. They are not rupee notes. They are really rupee paper coins. (*An Honourable Member*: What is the difference?) The difference is that you have to have no backing for it. The difference is that it can be held as a backing for the Reserve Bank note. I do not condemn you for it. After squandering something like Rs. 40 or Rs. 50 crores of silver coins on the supposition, as is usual with the Finance Department and the British Government, that everything will come right in its own good time, you had sense. You continued to squander it. You would not stop. You thought the run will be over. But the run was greater. You did the right thing but at a late hour. Similarly, Sir, this is an irregular action, if you will excuse me for saying so. It is good action but an irregular action. These coins should be regarded as notes and issued by the Reserve Bank. But, in order to do that—

THE HONOURABLE THE PRESIDENT: Will you please conclude your remarks?

THE HONOURABLE MR. HOSSAIN IMAM: I am closing my remarks, Sir. This is the last item, Sir.

In order not to embarrass the Government you should increase the amount which they can hold of the Government papers. At the present moment under the Reserve Bank of India Act you are authorized only to hold 25 per cent. of your notes in circulation in the form of Government bills. Now, I want you to increase it to 33 per cent., and, incidentally, I want you to include Sterling papers in the internal resources. No country in the world, Sir, has a discrimination against its own loans. The Reserve Bank of India has Sterling loans of the Government of India which are neither eligible to be held as external reserve nor internal reserve. To invest our money in other peoples' securities and not to invest it in our own securities is I think one of the measures which shows how discriminatory your action is against everything Indian.

Because this loan happens to be Indian it should be included as part of your internal security. But you have never looked at it. I need not dilate on that. It is a very controversial point on which I have expressed my opinion many times.

In conclusion I should like to remark that it is not my intention to lay down a fixed rule for the Government. I do not ask them to accept me as an authority on these things. If the Honourable Member will care to read my Resolution he will find that my recommendation to the Governor General in Council is for the adoption as far as practicable and advisable of the steps suggested. I have not made it mandatory that the Government should do this or that. I have simply brought to their notice these things and left them a free choice to adopt the measures as far as they think it to be essential in the public interest. It has never been my desire to pose as a dictator to the Government. I have moved this Resolution in the spirit that the Muslim League has dissociated itself from actively supporting you in your one-sided and wholly self-centred policy. The Muslim League has never stood in the way of the successful prosecution of the war or in lending its support as far as it could lend it consistent with self-respect. There is all the world of difference between a non-voting section and one who actually opposes.

Sir, I commend this Resolution to the House.

THE HONOURABLE SIR ALAN LLYOD (Commerce Secretary): Sir, with your permission I should like to say one or two words about clause (a) of the Resolution which refers to the nationalization of essential and key industries. The Honourable Member who moved this Resolution began by referring to the limited capacity of Indian plants, and he made that the peg on which, first of all, to hang an attack upon the United Kingdom administration, an attack which seemed to me hardly relevant to the point at issue. But he left it at that. He did not proceed to try to prove that nationalization would solve this problem of limited capacity. The Honourable Member, if I may use the expression that is such a favourite of the Honourable Pandit Kunzru's, let the cat out of the bag when he came on to a specific example. It was then clear to me, Sir, that what he was really after was limitation of profits. He had not made any attempt to prove that nationalization of any such industry as the steel industry would lead to more efficient operation or would lead to an improved output or anything of the sort. Well, Sir, I had prepared myself to say a few words about the question whether nationalization naturally and inevitably leads to more efficient operation of an industry, but since the Honourable Member has made it clear that what he is really concerned with in this connection is not a more efficient operation of Indian industries but to prevent Indian industries obtaining what in his opinion is an excessive reward for their own efforts—which in the case of the example given must I think be admitted to be highly efficient—I think it is not necessary for me to dilate at length upon the subject. The Honourable Member in his speech, though not in his Resolution, gave us the alternative of full control of profits. In other words, he gave us as an alternative to clause (a) of his Resolution clause (b) of his Resolution. That, Sir, I think I can leave to my Honourable friend the Finance Secretary to deal with. I am somewhat disappointed in not having an opportunity of meeting a reasoned plea in favour of nationalization, but I must honestly admit that I cannot see that I am justified in wasting the time of the House in saying anything more on the subject in view of the terms in which the Honourable Member has moved his Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, as this Resolution practically revives the discussion which this House has had for the last three days, I and my Party do not agree with the proposals which the Honourable Mover has made. Although we are in a position to meet all his arguments and smash them, I consider it best that we should not say anything on the subject, but at the time of voting my Party will oppose the Resolution and vote against it.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce) : Sir, I must want to say one or two words. The Honourable Mr. Hossain Imam suggested, as an example, that the Tata Iron and Steel Co. were making unreasonable profits. That may be from his point of view, and I cannot refute his figures. He said 55 per cent. on something.

THE HONOURABLE MR. HOSSAIN IMAM : On their share capital.

THE HONOURABLE MR. R. H. PARKER : Well, that is a very different thing from a percentage on the amount of money employed, and that is the only real criterion on which you can go.

If you go through the history of the Tata Iron and Steel Co. with which I had some connection 20 years ago, they were taking very great risks and if you take great risks and attain success I think you are entitled to a reward. There was a time when they could not beg, borrow or steal to keep themselves alive. They very nearly went under and lost the shareholders' money, crores of rupees, although they deserved reward.

I now come to part (b), the suggested imposition of 100 per cent. excess profits tax. Honourable Members will remember that that has been done in England. I think in the circumstances of England it was an unavoidable error. I still think that it was an error. Here if you put on a hundred per cent. excess profits tax you will do two or three things. Firstly, you will discourage efficiency, economy and so on, and, secondly, you do not reward those who make what I might perhaps call super-human efforts. Whether we approve or disapprove of it, the fact does remain that the ordinary man in business has not attained that high moral character which you find in the Indian Civil Service. They are prepared to work during the seven days of the week and for 14 hours a day and for the same amount of money that they got before. From that point of view, and it is the real point of view worthy of consideration, you cannot expect the best results without reward. In my experience you cannot expect the men of this generation to acquire the high standard of perfection involved.

I would also like to ask my Honourable friend Mr. Hossain Imam whether he would be prepared to finance the deficits which would arise in the Provincial Budgets as the result of the proposals he makes under (c) of his Resolution. Obviously the money has got to come from somewhere.

I myself can see no advantage in his suggestion to revalue gold and I must say that it did not seem to me that he gave any satisfactory reason for doing so.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I have been listening with some interest to the discussion on this Resolution, partly because it deals with matters in which I am particularly interested and partly because I was at a loss to know what exactly was in the mind of my Honourable friend Mr. Hossain Imam in proposing some of the measures

included in the Resolution. I must confess that in this latter respect I have not been very greatly enlightened. It does not seem that the Resolution has secured a very large measure of approval by this House, and so perhaps a very detailed reply on my part is not called for. I do appreciate the fact, however, that the intention underlying the Resolution is to bring home to the Government and the country the necessity of going "all out" to win the war; and I would like to give an assurance on behalf of the Government that any and every suggested measure calculated to achieve that end is both deserving and assured of the most serious consideration of the Government. I think the Honourable Mr. Hossain Imam will on his part agree that, in deciding whether to adopt any such suggestion after having given it due consideration (especially when the suggestion is of an extraordinary nature or constitutes a radical departure from existing orthodox practice) Government must form their own opinion as to whether the measure is necessary or at least desirable for the reason that it represents an advance on existing ideas or practices and also whether it is free from objections or repercussions which would be so serious as to neutralize the anticipated advantages or benefits.

Of the specific recommendations made, the first is the nationalization of key industries; and I must confess that I could not gather from the speech of the Honourable the Mover in what way he considered that nationalization would lead to greater efficiency, greater economy, greater initiative or greater adaptability in the running of the industries under the stress and strain of war emergency than is the case under the existing system, when the profit motive to the individual is calculated to achieve these objects. Rather would it seem that "red tapism" usually associated with Government administration would be a most serious handicap in the sphere of business and industry. But my Honourable friend Sir Alan Lloyd has dealt with this question and as it is rather outside my purview I leave it at that and come to items (b) to (e). These items, as I conceive them, contain the Honourable Member's suggestions for paying or helping to pay for the country's war measures. Much has been said and written on the subject of war finance, but ultimately all methods of paying for a war, apart from using up "accumulated fat" will be found to fall within one or other of three main categories: taxation, borrowing or inflation. These three are in order of orthodoxy: first taxation, next borrowing, with inflation last; but so far as ease is concerned, the order must unfortunately be reversed. Item (b) suggests a method of increasing our revenue from taxation. Item (c) suggests a diversion of tax revenue (without any increase in the total) from the Provinces to the Centre. Items (d) and (e) in so far as they are used for increasing the resources of the Government, would be inflationary in effect. I will now deal briefly with these items seriatim.

Item (b)—The imposition of a 100 per cent. excess profits tax on a more equitable basis than the present. So far as the Government are aware, the basis of the excess profits tax is equitable both to the Government and to the assessee. I do not know in what way Mr. Hossain Imam regards it as inequitable—

THE HONOURABLE MR. HOSSAIN IMAM: More equitable.

THE HONOURABLE MR. C. E. JONES: I think that connotes a measure of inequity. Mr. Hossain Imam has not satisfied my curiosity in this respect. The Government are not wedded to the 50 per cent. (Hear, Hear.) The principle has been admitted and acted upon that the State in time of war has got the undoubted right to a large proportion of extra profits which

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accrue directly from the conditions of the war and so quite possibly something might be said in favour of a higher rate than 50 per cent. That rate was originally laid down when the measure was first drafted : subsequent changes have been made and a concession has been allowed as regards standard period option, while a surcharge has been put on income tax ; it cannot therefore be said that the rate of the excess profits tax has been fixed at 50 per cent. for all time. It is possible that the percentage may some time or other be increased, but whether the increase in such event should be to the full 100 per cent. is another matter, in regard to which other factors would have to be taken into consideration : *e.g.*, whether under the present industrial system it would be in the interest of the country to eliminate altogether any profit motive for expanding the industry or making it more efficient, and in general to remove all incentive to economy in the running of business, as 100 per cent. excess profits tax would do. These factors would have to be taken into consideration in deciding to what extent the percentage could with advantage be increased. So far as immediate action is concerned, I would remind Honourable Members that the Excess Profits Tax Act, as it stands, is the result of a large measure of compromise. The Excess Profits Tax Bill aroused considerable apprehension and created a great deal of opposition. The details of the measure were thrashed out between the Government and the interests concerned in the Select Committee, with a good deal of give and take on both sides, and the result is the Act as it now stands on the Statute-book. For Government to come in at this stage and make a substantial alteration in one of its most vital provisions before the measure has hardly got going, before even a single assessment has been made, would seem to be rather premature and perhaps unfair to the people who did their bit of "give" when we did ours. There is also the further point, that during the Bill's passage through the Legislature clause 4 was deliberately changed to secure that the rate at which the tax is charged shall come under review each year at the time that the Finance Bill is before the Legislature, so that the rate might be adjusted year by year to the budgetary position and requirements. So this consideration will necessarily have to be given at the time of the next budget when our budget proposals are placed before the Legislature, and it would be contrary to all recognized practice if Government were to enter on a full-dress discussion of its budget proposals in advance. I think in view of these considerations, the Honourable Member would not expect the Government to give any indication at this stage as to what proposals they might place before the Legislature next March.

I now come to item (c), the suspension of the consolidated payment to the Provinces on account of income-tax and railway receipts. At present we are giving nothing to the Provinces on account of railway receipts. The recent amendment of the Niemeyer Award has the effect of relating the statutory income-tax payments to the Provinces to the proceeds of income-tax alone. Leaving aside this minor point, however, it will be evident that this portion of the Resolution takes us down to the very fundamental principles of the present constitution. The present constitution, the 1935 Act, is based on the Federal system, and in any federation the question of the distribution of revenues as between the federating units and the federation is always one of the most difficult elements in the constitution and, in the very nature of things, one of the most highly controversial. The fundamental feature of the existing constitutional plan for the allocation of revenues between the Centre and the provincial units was that the proceeds of taxes on income, except to the extent specifically laid down in the Act, should be shared between

the Centre and the Provinces, and I think Government would want very strong justification before they could approach Parliament and urge that this provision should be upset, even in time of war. As I mentioned before, this proposal would mean no new or additional taxation revenue being raised for the benefit of the country at large. It would mean merely that the financial difficulties of the Centre should be eased by imposing to that extent corresponding difficulties on the Provinces. Nothing would be gained by reducing the deficit at the Centre by the creation of corresponding deficits in provincial budgets. It is not in the least likely that Parliament would agree to such a drastic change in the very basis of the Act and I do not think that the Central Government would have any justification for urging Parliament to do so. I am afraid the Government of India could not possibly accept this portion of the Resolution.

We now come to items (d) and (e), the two items regarding which I have expressed the view that they would be inflationary in effect in so far as they were intended to place additional resources at the disposal of Government. I put it that way because the question of revaluation of gold can be approached from various points of view. If the object is merely to write up the value of the gold reserves held in the Issue Department to secure an increase in the proportion of the external assets to the total note circulation, it would be little more than a book keeping process and would give no additional resources to Government at all. As that percentage is already over 68 as against the statutory minimum of 40, there would be no object in increasing it further. So, I assume the Honourable Member's intention was, after revaluing the gold, to expand the currency against the higher value, crediting Government with the increase and thereby placing Government in possession of additional funds without having to tax or to borrow for the purpose. And that would be inflation pure and simple. In present circumstances, the revaluation of gold for that purpose is not necessary. We think it would be dangerous. It would also destroy a more or less hidden reserve of resources which would be available for drawing upon should unforeseen developments make it necessary at any time.

Now we come to the question of the Indian sterling securities backing to the note issue. The Honourable Member said that the fact that Indian sterling loans are not eligible as assets of the Issue Department for the backing of our note system showed discrimination against Indian securities. I would remind him that this restriction is imposed by the Indian Reserve Bank Act which was passed by the Indian Legislature. As a matter of fact, however, under our recent repatriation scheme, all these Indian sterling loans can be converted into their rupee counterparts and thereby at once become available for use as Issue Department assets, which in effect secures what the Honourable Member requires.

THE HONOURABLE MR. HOSSAIN IMAM : Has it been done, Sir ?

THE HONOURABLE MR. C. E. JONES : I am coming to that now, Sir. The Indian sterling securities can be converted into rupee counterparts at any time and therefore can be held as Issue Department assets like any other rupee securities. As to the object of the alteration of the proportion from 25 to 33 per cent. the only reason which I can conceive for the proposal would be to expand the currency by crediting the Government account with the price of the additional securities, which again is inflation. There is no objection in theory to enabling the Reserve Bank to hold a larger amount of rupee securities. But it is unnecessary at present because Government are

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in no way hampered in their repatriation programme by lack of resources. But, in so far as such action was taken solely to provide Government with additional resources, it would be open to the same general objections as any other inflationary measure. The Honourable Member asked if it had been done. The answer is that it has not, because the existing proportion of 25 per cent. has proved so far to be in excess of requirements. The Issue Department assets are Rs. 255 crores so that the existing 25 per cent. would allow Rs. 63 crores, which the Reserve Bank has the power to increase by Rs. 10 crores with the previous consent of the Government of India. The value of the rupee securities in the Issue Department is now 49 crores. There is, therefore, an unutilized margin already existing of Rs. 24 crores, and while that unutilized margin of Rs. 24 crores is still in existence it is surely unnecessary to increase the percentage from 25 to 33. But we are far from saying that circumstances may not arise which may justify or even necessitate the variation of that percentage, in which case I can assure the Honourable Member that we will approach the matter with a perfectly open mind, and, if necessary, we will certainly make arrangements to alter the percentage. There is nothing sacrosanct about that 25 per cent.

I think, Sir, that is all I need say on these specific points. The Resolution has raised questions of some interest and, as I say, although we are unable to accept certain items of them, we realize that there is point in other suggestions that have been made, and we are always prepared to give those our earnest consideration as and when occasion arises. I trust that the Honourable Member will be satisfied with that and will feel that the object of his moving the Resolution has been secured by the discussion which has ensued and will perhaps see his way in the circumstances not to press his Resolution but, with the consent of the Honourable the President and of the House, to withdraw it.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, I should like to say a few words. Sir, we had known that the I. C. S. suffer from the superiority complex. Today I find that they are prepared to play second fiddle to the industrialists and an open confession was made that they cannot reach the efficiency which the industrialists can by Sir Alan Lloyd—

THE HONOURABLE SIR ALAN LLOYD: I disclaim that, Sir. I repudiate it altogether. All I said was that the Honourable Member had not attempted to prove that more efficiency would be achieved by transferring these industries to Government.

THE HONOURABLE THE PRESIDENT: That is exactly what you said.

THE HONOURABLE MR. HOSSAIN IMAM: Are the Government prepared to say that they are more efficient?

THE HONOURABLE SIR ALAN LLOYD: I am not prepared to express any opinion on that, Sir.

THE HONOURABLE MR. HOSSAIN IMAM: Silence is golden sometimes.

THE HONOURABLE SIE GIRJA SHANKAR BAJPAI (Leader of the House): No, Sir; comparisons are odious!

THE HONOURABLE MR. HOSSAIN IMAM: The Honourable Mr. Jones referred to the fact that I had not received great support. He put it mildly, I did not expect to get from a Second Chamber a great deal of support, or even any support. I said it in the beginning. I would not like to say much on the financial items although much could be said for and against the things that have fallen from Honourable Members. But the Honourable Mr. Jones has suggested to me a course which will, to a certain extent, satisfy me. I would be quite prepared to have my say at the time of the Budget discussion—

THE HONOURABLE THE PRESIDENT: I told you that at the very commencement.

THE HONOURABLE MR. HOSSAIN IMAM:—about the inflationary effects of my recommendations but I think it is now out of time. I would, therefore, accept his suggestion, and as Government have been conciliatory in their reply and are prepared to give consideration to my suggestions, I would ask your permission, Sir, to withdraw the Resolution.

The Resolution was, by leave of the Council, withdrawn.

INDIAN LIMITATION (AMENDMENT) BILL.

THE HONOURABLE MR. CHIDAMBARAM CHETTIYAR (Madras: Non-Muhammadan): Sir, I move:

"That the Bill to amend the Indian Limitation Act, IX of 1908, be circulated for the purpose of eliciting opinion thereon."

Sir, this is an important Bill affecting many people in the country. The Statement of Objects and Reasons clearly indicates the need for this amending Bill. I therefore request that it be circulated for eliciting public opinion.

Sir, I move.

The Motion was adopted.

RESOLUTION *RE* FUTURE COMPOSITION OF TRADE MISSIONS TO FOREIGN COUNTRIES.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern: Non-Muhammadan): Sir, I move:

"That this Council recommends to the Governor General in Council to see that in future representatives or delegates sent on trade missions to foreign countries for negotiating trade pacts or improving India's trade relations with foreign countries are invariably Indians."

Sir, I would like, first of all, to say that I am not raising what my Honourable friends might consider a racial issue in this Resolution. There is no one, Sir, who hates racialism more than I do. I do not also wish to reflect upon the men who were sent to the United States recently. One of them was a very distinguished Professor of Economics and there are many Indian students who have sat at his feet. The other was the Trade Commissioner in London. I have no doubt, Sir, that in the preliminary talks they had with the United States, they were keeping the Indian point of view prominently before their eyes. I do not know, Sir, what exactly happened, but

[Mr. P. N. Saprú.]

that is not my argument. I am not reflecting upon them or any one else in this Resolution. I am raising, Sir, the question of broad principle, and it is this. After all, we want to send Indians to foreign countries because we wish the status of India to be raised in the estimation of the world. We do not want the people in other countries to think or feel that Indians are in any respect inferior people, that India is lacking in experts or in representatives who can negotiate on equal terms with the representatives of other countries. We do not want India to be looked upon, outside India at all events, as a sort of dependency. We want the international status of India to be improved, and one of the ways in which that international status can be improved is by making it a rule that representation of India outside India shall always be in the hands of Indians.

Sir, you have your ambassadors in various countries. Well, those ambassadors are Britishers. You have in the United States today the Marquis of Lothian. He has done most excellent work. But you have also, I believe, there Mr. Casey. He is the Australian Minister. Now, I know Mr. Casey. I think he is an extraordinarily able man. When I was in Australia three years ago it was thought that he and not Mr. Menzies would be the Prime Minister. Well, I am quite sure that Mr. Casey could have represented England in the United States with just as great distinction as the Marquis of Lothian. I do not think that in intellectual capacity he is inferior to any British statesman. Why does not Australia send an Englishman as its Minister to the United States? Why does not England send an Australian like Mr. Casey as its Ambassador? The fact of the matter is that in these diplomatic posts you want to be represented by your own nationals. I can assure my British official friends that I have a high regard for their efficiency and integrity, and I know that often the British officials in this country have stood for the interests of the Indian people as against the British War Office or against the British Exchequer. That, however, is not my point. My point is that when you are sending men abroad you should send men who are the nationals of the country, so that the country to which they are sent may have some idea of the country they come from. I can not say that a European official is such a paragon of virtue that he can always keep the Indian point of view before him. I know that, circumstanced as he is today, he often cannot take an independent line. That is my point. I would, however, rather be represented in foreign countries by an Indian official than a British official, because I want the outside world to feel that India is on the way to Dominion Status or on the way to independence, whatever the word you want to use. I want that impression to go abroad and I think therefore it is necessary that on these delicate missions you should have Indian experts only. You know that the Indian mercantile community has been emphasising that the export trade of India has gone down. The European markets have been lost to India and they want trade missions to go to various countries. They want India's trade relations to be improved with Afghanistan, Persia, the Malaya States and certain other countries. We want to capture as much trade as possible. I hope the Government of India will send out these trade missions to these various countries, and I hope that in sending out these trade missions the consideration which I have put before the House will be kept in view. England is trying at this moment to improve her export trade. For this purpose she has sent Lord Willingdon, who was Viceroy in this country, to South America. For the purpose of improving your trade relations with the United States you have sent Sir Walter Layton. You have never thought of sending any one abroad for these purposes who is not an Englishman. You

have sent only your own nationals to these various countries. There is no racialism involved there. Similarly we want you to accept that principle here also. It will be said that it has always been usual to associate at least one Indian with these trade missions and that in the trade mission to the United States there was one Indian also. That is true, but why not all Indians? That is my point. It cannot be said that you cannot get efficient Indians. I think there are Indians of distinction always available in this country. You can get distinguished Indian economists; you can get distinguished business men; you can get distinguished Indian Civil Servants, you can get distinguished Indian public men, to represent you in these diplomatic or trade missions.

Sir, the Resolution raises a question of broad principle which reflects upon no one. I have made no reflection upon the men who were sent to the United States. They were from the point of view of efficiency perhaps all right. That is not my point. I have raised a question of broad principle and I would like Government to accept this Resolution. These are small ways in which Government can indicate that it has a new vision before it so far as India is concerned. The Honourable Mr. Jones is not here at the moment, but in the very moving speech which he made yesterday he wound up on what I thought was a rather unfortunate note. He said that those who were voting against the Finance Bill were voting for Hitlerism. Well, Sir, I can honestly say, speaking myself, that there is no one who detests the Hitlerian ideology more than I do, or the Nazi ideology; but if I were to retort I would say that Government by its actions encourages Hitlerism in this country. If it would show responsiveness to public opinion in this country there would be far greater willingness, far greater desire, far greater readiness to recognize the dangers with which India is faced and to support the Government. Unfortunately Government has a limited vision, and they are too much tied to red tape. They always look at questions from an unimaginative point of view. That is why, Sir, the response of India has not been adequate. Therefore, in order to strengthen your hands, not to weaken your hands, I have moved this Resolution. I want you to accept it because I want you to give an indication that at all events, if not in big matters, at least in small matters you are prepared to co-operate with Indian opinion.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary): Sir, the Government of India are so much in sympathy with the views expressed

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by the Mover of this Resolution in support of his claim that it is a matter of some regret to me that I cannot accept it. I think that the Government of India are at least as strongly impressed as he is by the consideration that it is a good thing to uphold the status of Indians in the outside world by taking advantage of opportunities for sending them to represent India in missions such as those to which the Resolution refers. Now, Sir, I think that the Honourable Member's speech would not have been such as it was if it had not been for a misunderstanding. I must state that the duties which Dr. Gregory and Sir David Meek were asked to perform in the United States of America did not constitute the duties of a "trade mission for the purpose of negotiating a trade pact or improving India's trade relations with foreign countries". When a trade mission is sent abroad there is first of all much preliminary statistical and economic research work to be done and that can only be done effectively in the Departments of the Government, if I may say so, in the Commercial Intelligence and Statistical Departments of the Government, in other words, in the offices that are under the control of the Economic Adviser. Now, Sir, the fact was that if we have attempted to conduct this preliminary survey in the ordinary way,

[Sir Alan Lloyd.]

Dr. Gregory sitting there and corresponding with various departments, there would have been a great loss of time. Dr. Gregory and Sir David Meek were sent to the United States of America on a fact finding mission. It was in no sense a diplomatic mission but a fact finding mission. I think when their report is placed in the hands of the Honourable Members of this House (I hope it will not be a very long time), that aspect of the matter will be clearly understood. Although I remain convinced that these were the two most suitable officials available, the point is that they were officials going on an official mission; and the point of principle, which the Honourable Member has raised, does not seem to have anything like the same bearing as would have been the case with a regular trade mission. It is already the practice of the Government of India to constitute such trade missions almost entirely of non-officials. That constitutes a great difference between their case and that to which reference has been made. I would refer to the most important mission of the kind that has been sent out of India within recent years. I speak of the delegation that was sent to the United Kingdom in connection with the revision of the trade agreement with that country. That was exclusively a non-official mission. Every single member of that mission, with one exception, was an Indian. That is an illustration of the lines on which we have been dealing with regular trade missions such as those to which this Resolution refers; it does not refer to duties such as were performed by Dr. Gregory.

When dealing with the subject of this Resolution we shall have before our minds, as clearly as the Honourable Member could possibly have, the consideration that he has raised, not racial issue, but the need of showing to the outside world that there is no desire at all to do anything which will lower the status of Indians in their eyes. I cannot guarantee that any member of a trade mission who may be an official will not be a non-Indian; that is impossible in the present state of the organisation of the services in India. However, that is a minor point: the major point is about non-officials. I repeat that it will continue to be the policy of the Government of India to make these delegations almost entirely of non-officials; but persons are selected for duties of this sort in consultation to some extent with important trade interests which have in any reasonable view to be represented in the trade missions, if the mission is to be successful. It would be impossible to dictate to these trade interests that they must be represented by Indians invariably. For instance, the Bombay Mill Owners Association is asked to suggest a name for a certain mission; we cannot say 'we decline to accept the nomination of a European'. Are we to say that the interests in India of non-British firms are to be entirely left out of consideration in such negotiations and so we must not, however important the mission, invite those Chambers which are members of the Associated Chamber of Commerce to suggest names? It was, I think, for the reason that I have mentioned that one of their men went to England with the Honourable the Law Member. Are we to say to these Chambers, important as they are to the economy of India, "although your concern is mostly composed of Europeans, you must nominate an Indian to represent you". I think it will be agreed, however sympathetic we are with the underlying principle of the Honourable Member's Resolution, that we cannot accept it in the present circumstances of India. I therefore regret that I must oppose this Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to support the Resolution. The observations which have been made by Honourable Sir Alan Lloyd have not convinced me. I hold that it will certainly advance the position of Indians in case only

Indians are selected for such delegations. The Honourable Sir Alan Lloyd has observed that by accepting the subject matter of this Resolution certain firms which are non-Indian will not have representation. Am I right in that assumption? I think I am right because, Sir Alan Lloyd has not contradicted what I have said. But I would say that now the trade and industry of India is mainly in the hands of the Indians and so an Indian can represent India's case equally as well as a Britisher. In no other country in the world even as the Honourable Mover has observed that migrated Britishers who are now living in the colonies are not selected in English delegations overseas.

Sir, India has sufficiently advanced and you can find good men to perform such duties with equal success. The idea is gaining ground among the public that Indians are not being trusted by the Government to the extent that they ought to be. I think Government has knowledge of this fact and it is, Sir, in the fitness of things that when Indians are capable of performing such duties with equal competence they should be entrusted with this work. It will add to the dignity of India as well as of the Government if the Government will accept this Resolution.

THE HONOURABLE THE PRESIDENT: Sir Alan Lloyd, it seems to me that there is not much difference between the Honourable Mover's contention and what you are saying. Would the Government be prepared to accept the Resolution if the words "as far as practicable" are inserted after the word "future" and the word "invariably" is omitted?

THE HONOURABLE SIR ALAN LLOYD: Sir, I shall have great pleasure in accepting it in that amended form. The whole of my speech was intended to show that that was the attitude of the Government.

THE HONOURABLE MR. P. N. SAPRU: I accept the amendment. Thank you very much, Sir.

THE HONOURABLE THE PRESIDENT: The amended Resolution reads:—

"That this Council recommends to the Governor General in Council to see that in future as far as practicable representatives or delegates sent on trade missions to foreign countries for negotiating trade pacts or improving India's trade relations with foreign countries are Indians."

Question put and Motion adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI (Leader of the House): Sir, tomorrow being Saturday we shall follow our usual practice and not meet, and on Monday we will take up whatever business stands over as a result of its transmission from the Lower House to this House.

The Council then adjourned till Eleven of the Clock on Monday, the 2nd December, 1940.