

3rd March, 1947

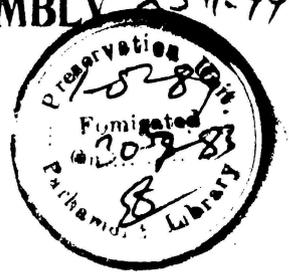
THE  
LEGISLATIVE ASSEMBLY DEBATES  
Official Report

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Volume II, 1947

(20th February, 1947 to 5th March, 1947)

THIRD SESSION  
OF THE  
SIXTH LEGISLATIVE ASSEMBLY 23-11-94  
1947



LEGISLATIVE ASSEMBLY

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# LEGISLATIVE ASSEMBLY

Monday, the 3rd March, 1947

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

## MEMBER SWORN:

Mr. M. V. Rengachari, M.L.A. (Government of India: Nominated Official).

## STARRED QUESTIONS AND ANSWERS

### (a) ORAL ANSWERS

#### GRADY COMMISSION REPORT

**648. \*Maharajkumar Dr. Sir Vijaya Ananda:** (a) Will the Honourable Member for Industries and Supplies be pleased to state if Government will publish the Grady Commission Report?

(b) If not, what are the reasons for withholding it from the public?

**The Honourable Sri C. Rajagopalachari:** (a) and (b) The Report and the Memorandum indicating the action taken by the Government of India to implement the recommendations in the Report were published in August, 1946. Copies have been placed in the library.

**Shri Sri Prakasa:** With what was this Grady Commission concerned?

**The Honourable Sri C. Rajagopalachari:** It was an American Technical Mission which came during the war to advise the Government of India as to how to increase the potentials of industry with reference to war?

**Shri Sri Prakasa:** Has the new budget affected the potentials of industry in any way?

**The Honourable Sri C. Rajagopalachari:** I think the question may be put in a more precise form to a different Member of the Government of India.

#### DEVELOPMENT OF INDIA'S CATTLE WEALTH THROUGH GAUSHALAS.

**649. \*Pandit Sri Krishna Dutt Paliwal:** Will the Secretary of the Department of Agriculture please state:

(a) the steps which Government intend to take to develop India's cattle wealth through proper organization of goushalas;

(b) if Government will lay on the table of the House their schemes in this connection; and

(c) the time when the scheme will come into effect in all the Provinces?

**Sir Pheroze Kharegat:** (a) The Cattle Utilisation Adviser is advising Gaushalas on technical problems and helping them in adopting scientific methods of management, and breeding of animals and segregation of useless stock. The Government of India are giving financial assistance to the Provinces for their Gaushala Development schemes which provide for the appointment of Provincial Gaushala Development Officers, the training of Gaushala workers in cattle management and dairy farming, and the distribution of approved breeding bulls to Gaushalas for improving their cattle.

(b) A type scheme for the development of Gaushalas is included in the outline of an agricultural plan for an average province, copies of which have been placed in the Library. A copy of a note by the Cattle Utilisation Adviser giving information and advice for the use of these institutions is placed on the table.

(c) Schemes have already been sanctioned for Bengal, the Central Provinces, Orissa, Sind, the United Provinces, Ajmer-Merwara and the Jaipur State. It is hoped that during 1947-48 similar schemes will be working in almost all the Provinces. It is expected that at the end of a period of about five years, these organisations will be producing about 3,000 maunds of extra milk daily and about 50,000 useful cows, 25,000 good bulls and 25,000 good bullocks annually.

#### Statement

It is estimated that there are about 3,000 Gaushalas and Pinjrapoles in the country, purpose, these institutions are serving, is indeed laudable. Some of these institutions are already well-organised, well-managed, have good resources of both cattle, land and finance but it is felt that if this activity was properly reorganised and necessary facilities and technical guidance given to them, the Gaushalas and Pinjrapoles can contribute a great deal towards cattle development and increased milk production.

During his visits to Gaushalas, the Cattle Utilisation Adviser has noticed that, on an average, 20 per cent. of cattle maintained there are good pure type, 20 per cent. more fair type and the remaining 60 per cent. old, infirm and unfit for further breeding. Taking the total cattle population of these institutions at 6 lakhs, the number of cattle under different classes work out as below :

(1) Good Cattle 20 per cent . . . . .	1,20,000 Nos.
(2) Fair Type of cattle 20 per cent . . . . .	1,20,000 „
(3) Old, infirm and unfit for further breeding, 60 per cent	3,60,000 „
<b>Total</b>	<b>6,00,000 „</b>

#### The Plan :—

Cattle Utilisation Adviser's plan essentially consists of :—

(a) Exploitation of breeding and milk producing capacity of the first two types, viz., good cattle and fair type cattle for breeding good cattle and increasing milk production.

(b) Segregating third type of cattle, viz., old, infirm and unfit with a view to better management, economy and relieving congestion.

(c) Training of Gaushala workers in general animal husbandry and dairying.

(d) Giving technical assistance, veterinary aid and other facilities like grazing areas, etc., to these organisations.

(e) Establishment of Provincial Gaushala Federation.

(a) *Exploitation of breeding and milk producing capacity.*—The good and fair types cattle in Gaushalas numbering nearly 2½ lakhs of which 1,20,000 may be cows, which with proper management, feeding and breeding, can on one hand give increased daily milk production to the extent of nearly 3,000 maunds and on the other had an annual production of nearly 50,000 useful cows, 25,000 good bulls and 25,000 good bullocks. This indeed will be an appreciable contribution to the cattle development and milk production activity of the country.

(b) *Segregation of different types of cattle.*—In order to achieve best results most economically and in the shortest possible time it is necessary that the non-productive types should be segregated from the productive types. Most of the Gaushalas are located near towns, where there is dearth of space, leading to overcrowding and congestion. Near towns non-availability of grazing, high cost of cattle feeds and high wages of labour make maintenance of non-productive types unnecessarily costly. It will be desirable that arrangements should be made for grazing plots in the interior forests where these non-productive cattle of all Gaushalas in the vicinity can be maintained without much cost. A common organisation of representatives of all contributing Gaushalas may be necessary to look after the management of cattle there. All the Gaushalas that the Cattle Utilisation Adviser has so far visited have greatly commended this principle of segregation of different classes of cattle.

(c) *Training of Gaushala workers.*—For efficient management of Gaushala cattle it is necessary that the men in charge of the herds should have training in the requirements of cattle, their practical handling and management. Due to dearth of technical trained personnel, it has been found impossible by Gaushala managements to get suitable hands. With a view to tide over this difficulty, efforts are being made by the Cattle Utilisation Adviser to institute six months' courses of training for gaushala workers in each province. It is expected that each Gaushala will send at least one candidate for training who will then go back and work in the Gaushala.

(d) *Technical Assistance, etc.*—For progressive development of these institutions, it will be necessary to have an officer to advise them on technical matters and also help them in getting facilities like good bulls, good cows, veterinary aid, grazing land, land for fodder cultivation, good seeds, proper irrigation facilities, and purchase of cattle feeds at controlled rates through Department concerned. For this the Cattle Utilisation Adviser is proposing a scheme for appointment of a Gaushala Development Officer for each province. This scheme is already sanctioned for Sind, U. P., C. P., Orissa, Bengal and Ajmer-Merwara.

(e) *Provincial Gaushala Federations.*—In order to bring this activity on a permanent footing efforts are being made to form Provincial Gaushala Federations. This organisation will bring in its fold all the Gaushalas in the Province, with a view to bring about uniformity in their management, guide and assist them in their development and collectively help one another. Such federations have already been formed in C. P., Bihar, Bombay, Punjab, United Provinces, Ajmer-Merwara and Jaipur State.

*Salvage of Dry cattle.*—Those Gaushalas which have resources can further help the country's cattle development by taking up the activity of salvage of cattle from towns. The main essentials of this activity are (a) having fodder and grazing farms in the mufassil, (b) taking dry cattle from owners in towns and maintaining them on the fodder farms for their dry period on a small monthly charge, (c) returning the cattle back to owners in towns on refreshing. This activity will save the good cattle that are otherwise being sold off by the owners to the butchers on drying due to the high cost of their maintenance in towns for their dry period.

**Pandit Sri Krishna Dutt Paliwal:** What practical results have been achieved as a result of the steps taken by Government?

**Sir Pheroze Kharegat:** The work has been started only recently and it is too early to estimate the practical results achieved so far.

**Mr. Sasanka Sekhar Sanyal:** What steps have Government taken to make fodder available at control rates?

**Sir Pheroze Kharegat:** That question was dealt with on another occasion in this House, when it was explained that it is very difficult to arrange for the control of fodder prices. There are certain types of fodder, such as oil cake which are however controlled.

**Mr. Tamizuddin Khan:** What is the estimated cost of the scheme?

**Sir Pheroze Kharegat:** The cost of the schemes which have so far been sanctioned comes to roughly about Rs. 110,000.

**Srimati Ammu Swaminadhan:** Is the Honourable Member aware that cows are being kept in outhouses of private bungalows in New Delhi and they are causing great inconvenience by going from garden to garden and destroy vegetables as well as flowers? What steps do Government propose to take to send them to these gaushalas?

**Mr. President:** That question does not arise.

**Mr. Sasanka Sekhar Sanyal:** Is any financial assistance being given to Provinces as block grants to help them in the schemes undertaken by them?

**Sir Pheroze Kharegat:** No, Sir. Half the cost of the scheme is met by the Centre and the other half is met by the Provincial Government.

**Mr. Sasanka Sekhar Sanyal:** How many gaushalas have been helped financially and what is the amount given?

**Sir Pheroze Kharegat:** The amount spent by the Centre is Rs. 110,000. The amount that must have been given to gaushalas would be approximately double that amount, that is, Rs. 220,000.

## NUMBER OF CATTLE IN GAUSHALAS.

**650.. \*Pandit Sri Krishna Dutt Paliwal:** Will the Secretary of the Department of Agriculture please state:

(a) the number of gaushalas in the country and the number of cattle in these gaushalas;

(b) the percentage of cattle in these gaushalas which are (i) of good dairy type, (ii) of fair type, (iii) old, infirm and unfit for breeding; and

(c) if it is a fact that Government propose to segregate the old and infirm cattle from the productive ones and send the former to forest lands which are not utilised at present?

**Sir Pheroze Kharegat:** (a) The number of Gaushalas in the country is estimated to be about 3,000 and the population of cattle in these Gaushalas at about six lakhs.

(b) (i) About 20 per cent.; (ii) About 20 per cent.; (iii) About 60 per cent.

(c) A recommendation on these lines has been made to the Provincial Governments, in order that the old and infirm cattle of neighbouring Gaushalas may be maintained at a nominal cost and the space and funds thus released may be utilised by the Gaushalas for better breeding and milk production.

**Dr. Zia Uddin Ahmad:** With reference to the reply to part (b) (i) the cows of good dairy type should be maintained on private funds and not at Government expense?

**Sir Pheroze Kharegat:** The arrangements that we are trying to make are to develop these gaushalas into places where good animals can be kept and bred so as to increase the milk supply so that the gaushalas may be ultimately more useful than at present.

**Dr. Zia Uddin Ahmad:** It should be self supporting.

**Sir Pheroze Kharegat:** They may become self supporting in certain cases.

## WHEAT POSITION IN INDIA IN VIEW OF RABI CROP.

**651. \*Pandit Sri Krishna Dutt Paliwal:** Will the Secretary of the Food Department be pleased to state whether the wheat position in the United Provinces has improved by now in view of the present rabi crop and imports?

**Mr. K. L. Panjabi:** The wheat which the U. P. Government procured after the last harvest was insufficient for their requirements, and as was expected they needed supplies from outside in the last months of the crop year. Unfortunately we have been unable to send them the wheat required as our imports have been totally inadequate and the internal Indian wheat crop, as the Honourable Member is aware, was a poor one. I am afraid therefore that there has been no improvement in the U.P. wheat stock position. It will be another month before the effect of the coming rabi harvest will begin to be felt.

**Pandit Shri Krishna Dutt Paliwal:** Will the Government consider the advisability of declaring U.P. a deficit province in respect of wheat, in view of the reply which the Honourable Member has given just now?

**Mr. K. L. Panjabi:** Yes, Sir.

**Pandit Sri Krishna Dutt Paliwal:** Will Government make adequate arrangements to supply wheat to U.P.?

**Mr. K. L. Panjabi:** I have explained that our imports have not been in sufficient quantity. Government are doing their best.

**Pandit Sri Krishna Dutt Paliwal:** Will the Government consider the advisability of not taking away any wheat from U.P.?

**Mr. K. L. Panjabi:** I am not aware that wheat has been taken from U.P.

**Pandit Sri Krishna Dutt Paliwal:** Wheat was taken last year on loan from U.P.

**Mr. K. L. Panjabi:** The loan was for a temporary purpose.

**Mr. P. B. Gole:** Have any arrangements been made to send wheat to C.P. where the crops have utterly failed?

**Mr. K. L. Panjabi:** I want notice.

**Dr. Zia Uddin Ahmad:** In view of the fact that wheat ration in U.P. has been reduced to two chhattaks, which is starvation diet, will the Government stop the export of wheat altogether from U.P.

**Mr. K. L. Panjabi:** Our policy is not to take any grain from any province unless it is surplus?

**Dr. Zia Uddin Ahmad:** Is U.P. a surplus province in the books of the Food Department?

**Mr. K. L. Panjabi:** At present U.P. is not a surplus province.

PRICE COMMITTEE ON AGRICULTURE, FORESTRY AND FISHERIES.

**652. \*Pandit Sri Krishna Dutt Paliwal:** Will the Secretary of the Department of Agriculture be pleased to state:

(a) whether Government have considered the report of the prices sub-committee of the Policy committee on Agriculture, Forestry and Fisheries;

(b) the decisions, if any, Government have come to on that report; and

(c) if Government intend to guarantee minimum remunerative price for wheat; if so, what price?

**Sir Pheroze Kharegat:** (a) The Summary of the Report of the Agricultural Prices Committee was received by the Government in November 1946. A conference of Provincial Ministers, representatives of Indian States and representatives of the Central Government was held on the 17th and 18th January, 1947 to consider the Summary of the Report. The full Report has not yet been received from press and will be considered as soon as it is received.

(b) No decisions have been arrived at yet. The Agricultural Prices Conference was of a purely exploratory nature and did not therefore commit the respective Governments in any way. A copy of the unofficial note issued on the subject has been placed on the table in reply to question No. 457, of the 21st February, 1947.

(c) Government have in the present season undertaken to purchase all wheat offered in the main producing areas at Rs. 7/8/- per maund should prices fall. A similar undertaking is likely to be given in respect of the coming crop season in respect of which price levels are now about to be determined.

**Mr. Sasanka Sekhar Sanyal:** In reply to question No. 457, a supplementary question was asked whether Government would consider the advisability of circulating the substance of the report of the proceedings among the Members of this House, may I know what the Government propose to do in the matter?

**Sir Pheroze Kharegat:** A copy of the report will certainly be circulated.

**Pandit Sri Krishna Dutt Paliwal:** Have the provincial governments got power to change the prices from district to district to suit local conditions?

**Mr. K. L. Panjabi:** If the Honourable Member is referring to maximum prices I may explain that the prices are determined by the Government of India in consultation with the provinces.

**Pandit Sri Krishna Dutt Paliwal:** Have the Provincial Governments got power to vary the price from district to district?

**Mr. K. L. Panjabi:** At the all India Food Conference attended by the representatives of provinces, it was decided that the Government of India will determine the prices.

**Pandit Sri Krishna Dutt Paliwal:** What about the power of local governments to adjust prices according to local requirements?

**Mr. K. L. Panjabi:** Very slight difference is allowed to be made between maximum and minimum price level fixed for the province by the Government of India.

**Mr. President:** The question is that prices having once been determined, is it open to the provincial governments to change the prices from district to district?

**Mr. K. L. Panjabi:** Slight adjustments are possible, but not in the general price level.

**Pandit Sri Krishna Dutt Paliwal:** In view of the fact that at the time of last procurement the price in Agra district varied from Rs. 20 a maund or more, while in the neighbouring Muttra district it was Rs. 12 a maund—a variation of more than 50 per cent.—may I know whether the Central Government have authorised provincial governments to vary prices according to local conditions?

**Mr. K. L. Panjabi:** That is so, Sir. The policy of Government is to fix the general price level for the province, some adjustments may be permitted in respect of certain districts, but the specific instance referred to by the Honourable Member will be enquired into.

**Babu Ram Narayan Singh:** What is the basis according to which the Central Government fix the prices for agricultural products?

**Mr. K. L. Panjabi:** There is a separate question on the subject coming up later on.

**Shri Sri Prakasa:** Before fixing the prices, do Government consult the Reserve Bank of India as to the amount of currency notes they are intending to print in the succeeding weeks?

**Mr. Sasanka Sekhar Sanyal:** About a fortnight back, in reply to a question it was admitted on the floor of the House by the Government that in different parts of Bengal, there was disparity of prices of food crops. May I know whether the Central Government have instructed the Bengal Government to see that this disparity is removed?

**Mr. K. L. Panjabi:** When the question was raised, I pointed out that there was no intention on the part of the Government to alter the price.

**Dr. Zia Uddin Ahmad:** In view of the figures given by Pandit Sri Krishna Dutt Paliwal about variation of prices in Agra and Muttra, will the Government of India prescribe certain narrow limits within which alone the price should vary and not in so wide a way?

**Mr. K. L. Panjabi:** The Honourable Member's suggestion will be considered.

**Babu Ram Narayan Singh:** Will the Central Government allow provincial Governments to fix prices of agricultural products according to circumstances obtaining in different localities?

**Sir Pheroze Kharegat:** The maximum is fixed by the Central Government for the whole province, and below the maximum, the price may be fixed for the different districts in accordance with local conditions by the provincial government.

**Dr. Zia Uddin Ahmad:** What is the variation between maximum and minimum?

**Sir Pheroze Kharegat:** In Lyallpur for instance the minimum is Rs. 7-8-0 and the maximum Rs. 9-8-0 a maund.

## ESTABLISHMENT OF CENTRAL SCIENTIFIC RESEARCH INSTITUTE FOR RAILWAY

**653. \*Seth Govind Das:** Will the Honourable the Railway Member please state:

(a) if he is aware of the importance of a Central Scientific Research Institute of Railway in this country, the establishment of which his predecessor pleaded for in the 50th Session of Indian Railway Conference Association; and

(b) what steps Government propose to take for its early establishment?

**The Honourable Dr. John Matthai:** (a) Yes.

(b) The Railway Board are preparing a scheme which, it is hoped, will be finalized in time to provide funds for the commencement of construction in 1948-49. In the meantime the research which has been carried out by the Central Standards Office of the Railway Board will continue. It is, therefore, correct to say that the Railway Department already have a Central Scientific Research Organization, which will be expanded as soon as buildings and personnel become available.

**Dr. Zia Uddin Ahmad:** Is it not a fact that the Railway Board have got a Central Standardisation office?

**The Honourable Dr. John Matthai:** That is so.

## ACUTE SCARCITY OF SOFT COKE IN DELHI.

**654. Seth Govind Das:** Will the Honourable Member for Industries and Supplies be pleased to state:

(a) whether he is aware of the acute scarcity of soft coke in Delhi;

(b) whether he is aware that even the charcoal that is being supplied is of very poor quality; and

(c) the reasons for the present state of things, and the steps that Government propose to take to improve the supply position?

**The Honourable Sri O. Rajagopalachari:** (a) Yes; there was considerable scarcity during December, 1946.

(b) Yes; much of the charcoal that was being sold was of inferior quality.

(c) The scarcity of soft coke resulted from (i) delay in the receipt of supplies due to supply and transport difficulties; and (ii) increased public demand for soft coke in preference to charcoal and firewood, because it is less expensive. To meet the situation and to improve stocks, steps were taken to provide supplies on special allotments and the total coal and coke allocation for Delhi for December, 1946 was raised from 188 wagons to 286 wagons. The position has since eased.

As regards charcoal, prices prevailing in certain other Provinces were higher than those fixed for Delhi, and charcoal manufacturers supplied inferior charcoal to Delhi and despatched the better qualities to other places. To ensure the supply of good quality charcoal to consumers in Delhi, the sale price of good, dry charcoal has been increased and it is hoped that the situation will improve.

**Seth Govind Das:** Are Government aware that the charcoal sellers in Delhi make the charcoal wet before selling so that the weight may increase?

**The Honourable Sri O. Rajagopalachari:** We have to get on with all kinds of frauds on the part of traders. We cannot help that. We have to be vigilant to bring such things to the notice of the authorities.

**Babu Ram Narayan Singh:** What steps do Government propose to take to remove these difficulties in the matter of fuel supply?

**The Honourable Sri O. Rajagopalachari:** I have already narrated the steps taken, and I have already said that the situation has eased now and it will ease still further. We have raised the price of good dry charcoal in Delhi in order to lessen the inducements for malpractices on the part of those who deal in charcoal and also to reduce the temptation to export charcoal away from Delhi.

**Dr. Zia Uddin Ahmad:** What steps have been taken to avoid water being mixed?

**Mr. President:** That has already been replied to.

**655. \*Seth Govind Das:** In view of the fact that the question relating to supply of matches has been asked several times in this House I do not want to put Question No. 655.

#### PRODUCTION OF NITROGEN CHEMICAL FERTILIZER FROM NITROGEN IN THE AIR

**656. \*Seth Govind Das:** (a) Will the Honourable Member for Industries and Supplies be pleased to state if he is aware of the fact that nitrogen in the air can be used by synthetic processes to produce nitrogen chemical fertilizers at a very cheap rate with the help of hydro electric power?

(b) Have any steps been taken by the Government to produce these fertilizers, either on their own initiative or by helping and encouraging private enterprise?

(c) If not, do Government now propose to consider the advisability of encouraging such production?

**The Honourable Sri C. Rajagopalachari:** (a) and (b). The attention of the Honourable Member is drawn to paragraphs 13 to 26 of the report of the Technical Mission appointed to advise the Government of India on the production of Fertilizers in India. After very careful examination of all alternative methods of production including the process indicated by the Honourable Member those who were eminently qualified to come to a decision on the matter concluded that the most economic method we could adopt would be the manufacture of ammonia from coke and its conversion to Sulphate by the Gypsum process. They came to this conclusion having regard to the raw materials and the power available in India.

(c) Does not arise

#### IMPORT OF FOODGRAINS THROUGH COMBINED FOOD BOARD AT WASHINGTON

**657. \*Mr. Ahmed E. H. Jaffer:** (a) Will the Secretary of the Food Department be pleased to state the quantity of food grains that have been imported into India through the Combined Food Board at Washington for the quarter ending December, 1946?

(b) Has the full quota allotted to India been received?

(c) Has there been any shortage in receiving this quota, and if so, will this shortage be added to the yearly quota of 1947 to be received through the Combined Food Board?

**Mr. K. L. Panjabi:** (a) to (c). There was no separate quota of imports for the last quarter of 1946. The International Emergency Food Council, which is the successor of the Combined Food Board, gave India an allocation of 350,000 tons of rice for the six months ending December, 1946. Owing to fall in estimated availabilities, only 266,553 tons of rice were shipped during this period. The balance of the quota will ordinarily lapse unless the slipover in shipment is for a short period only. As regards cereals other than rice, a yearly allocation from July to June is now made and India's allocation for 1946-47 for all such grains is 23 lakh tons. Out of these 1,927,207 tons were shipped to India during the six months ending December 1946.

#### COTTON TEXTILE MILLS IN INDIA

**658. \*Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable Member for Industries and Supplies please state the number of cotton textile mills in India at present, giving their number province-wise?

(b) How many new cotton textile mills are going to be started for which sanction has been given by Government for all provinces?

(c) How have these been distributed among the various Provinces and Indian States, stating the number in each Province and each Indian State?

(d) What is the present productive capacity of factories that are working in India at the moment in yardage per year?

(e) What will be the increase in production when the new factories start working?

(f) What precautions have been taken to safeguard the interests of handloom workers?

(g) Have the Government of India cancelled licences issued to new factories in Madras Province and if so, how will this quota of new factories be distributed in other Provinces?

(h) How many new Textile Mills are going to be started in Bombay Province in 1947?

**The Honourable Sri C. Rajagopalachari:** (a), (b) and (c). A statement giving the desired information is tabled.

(d) 6,800 million yards.

(e) About 1,700 million yards a year.

(f) The Government of India have directed that at least 25 per cent. of the new spindles installed shall be left uncovered by looms, and this amount of yarn will be available for handloom weavers.

(g) A communication was received by this Government that the Government of Madras are not interested in the erection of any new power looms or spindles and that they surrender the spindles and looms allotted to Madras. The Government of India informed the Madras Government in reply that they could not see their way to cancelling the licences issued for new factories upon the recommendation of the Government of Madras.

(h) None, Sir.

Statement showing the number of existing and proposed new cotton textile mills in India

Name of Province	Number of existing Mills	Number of proposed new Mills
Bombay . . . . .	172	Nil
Madras . . . . .	66	24
Bengal . . . . .	37	16
U. P. . . . .	30	9
Punjab . . . . .	8	15
Bihar . . . . .	2	8
C. P. & Berar . . . . .	10	6
Orissa . . . . .	Nil	4
Sind . . . . .	Nil	3
Assam . . . . .	Nil	4
Delhi . . . . .	6	Nil
<b>Total</b> . . . . .	<b>331</b>	<b>89</b>

Name of State	Number of existing Mills	Number of proposed new Mills
Kutch	1	Nil
Baroda	8	2
Kolal	3	Nil
Wadhwan	1	Nil
Petlad	2	Nil
Mahuva	1	Nil
Navsari	2	Nil
Bhavnagar	3	1
Porbandar	1	Nil
Miraj	1	Nil
Bhor	2	Nil
Rajkot	1	Nil
Sangli	2	Nil
Jamnagar	2	Nil
Wankaner	1	Nil
Ichalkaranji	2	Nil
Kolhapur	1	Nil
Siddhpur	2	Nil
Nawanagar	Nil	1
Cambay	1	1
Khairpur	Nil	1
Bahawalpur	Nil	2
Kapurthala	Nil	1
Benares	Nil	1
Seraikela	Nil	1
Mayurbhanj	Nil	1
Rewa	Nil	1
Hyderabad	6	3
Mysore	8	2
Travancore	2	4
Cochin	2	3
Nabha	Nil	1

Name of State	Number of existing Mills	Number of proposed new Mills
Pudukkottai	1	3
Gwalior	4	1
Bikaner	Nil	1
Dholpur	Nil	1
Alwar	Nil	1
Palanpur	Nil	1
Rajnandgaon	1	Nil
Benwar	3	Nil
Kotah	1	Nil
Kishengarh	1	Nil
Pali-Marwar	1	Nil
Bhilwara	2	Nil
Bijaynagar	1	Nil
Bhopal	1	Nil
Ujjain	2	Nil
Indore	8	Nil
Ratlam	1	Nil
Dewas Junior	1	Nil
Pondicherry (Not a State)	3	Nil
Total	86	34
Grand Total	417	123

**Shri Sri Prakasa:** Have any of these applicants withdrawn their applications in view of the recent budget proposals?

**The Honourable Sri C. Rajagopalachari:** Not yet, probably they are awaiting the discussion on the subject in this House.

**Mr. Sasanka Sekhar Sanyal:** Is any regional distribution provided for in the matter of location of mills?

**The Honourable Sri C. Rajagopalachari:** Regional requirements were one of the many considerations in the plan.

**Shri D. P. Karmarkar:** With reference to part (h), is the Honourable Member aware that repeated requests were made by parties in southern Bombay presidency where cotton grows in abundance for allotment of spindles and that request has been turned down? If so, will Government reconsider the position?

**The Honourable Sri C. Rajagopalachari:** The Honourable Member's attention may be drawn to this that the question I have answered relates to textile mills and the answer was: None, Sir. But spindles have been allotted by way of expansion in the existing factories even in Bombay province to some extent.

**Mr. Sasanka Sekhar Sanyal:** Is it one of the objectives of the Central Government's plan that provinces should become self sufficient in the matter of cotton mills as far as possible?

**The Honourable Sri C. Rajagopalachari:** It is not a problem of provincial self-sufficiency but it is a problem of sufficiency for all India, and the resources available in different regions.

**Mr. Sasanka Sekhar Sanyal:** Is it not necessary that in order to avoid the extra tariff involved in bringing cotton goods from far off provinces, each province should be self sufficient in the matter of cotton mills?

**The Honourable Sri C. Rajagopalachari:** In a vast country like India, we cannot work mills to the extent of production necessary everywhere, and therefore we cannot avoid transport charges. The attempt at self sufficiency is there but it is not the aim.

**Mr. Sasanka Sekhar Sanyal:** Which province enjoys greater advantage in the matter of production?

**The Honourable Sri C. Rajagopalachari:** It must be taken in two parts, first natural advantages and secondly from conditions resulting from long established industry. It will be difficult to deal with this subject in detail in answer to a supplementary question.

**Mr. Manu Subedar:** Have Government seen the report of the Cottage Industries Committee appointed by the Bombay Government with regard to the protection of handloom weavers and will the Government of India examine the measures recommended therein with a view to give central help for their adoption?

**The Honourable Sri C. Rajagopalachari:** The Government of India have been concerned for a long time in utilising resources by way of handloom production and the Honourable Member's reference to any recent report will also be taken into consideration.

#### EXHIBITION OF TARIFF RATES ON TAXIS IN DELHI

**659. \*Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable Member for Transport please state the number of motor cars plying as taxis in Delhi and New Delhi?

(b) Whether Government are aware of the fact that taxis available for hire, charge very heavy rates?

(c) Do Government propose to have meters fitted to every taxi as is done in Bombay and until such time as this is done, to issue instructions for display of tariff rates on the wind-screen of the cars as is done in Poona?

**The Honourable Dr. John Matthai:** (a) 220.

(b) Complaints of overcharging and other offences have been received.

(c) Taximeters are not yet available in India. The Delhi authorities have tried requiring owners of taxis to display a copy of the fare table on the wind-screen of their vehicles but have found this procedure unsatisfactory. Drivers are required to carry a copy of the fare table and to show it to any passenger on demand. Failure to do so is a punishable offence.

**Mr. Manu Subedar:** As the Honourable Member promised to look into the question whether out of the newly arrived vehicles or those disposed of from the army a certain number could not be earmarked for the purpose of being used as public taxis in New Delhi instead of their going into private hands, may I know if any progress has been made in that examination?

**The Honourable Dr. John Matthai:** From the figures I have seen there has been an increase of about fifty taxis since last year.

**Mr. Manu Subedar:** Have Government estimated the reasonable requirements of a place like New Delhi at a time when the legislature is sitting and whether the existing number does not fall below the requirements? Will Government consider the question of bringing the number up to requirements?

**The Honourable Dr. John Matthai:** It is rather a difficult question because the demand for taxis in New Delhi is more or less seasonal.

**Mr. Muhammad Nauman:** As the Honourable Member said that complaints have been received of overcharging, etc., have government taken any drastic action like cancelling licenses or in other ways?

**The Honourable Dr. John Matthai:** There are two directions in which Government have been examining this matter; first, imposing adequate penalty in the form of suspending permits; and the other, making every effort to get taximeters.

**Mr. Sasanka Sekhar Sanyal:** Does the G. N. I. T. enjoy any privilege in the matter of these taxis plying?

**The Honourable Dr. John Matthai:** I think it enjoys a monopoly in the matter of bus traffic on urban roads in Delhi.

**Mr. Sasanka Sekhar Sanyal:** What about these taxis?

**The Honourable Dr. John Matthai:** I am afraid I cannot answer that question off-hand.

**Mr. Sasanka Sekhar Sanyal:** Will Government consider the question of allowing private enterprise to bring in motor cars for taxi purposes?

**The Honourable Dr. John Matthai:** I am prepared to have that question examined.

**Mr. Manu Subedar:** Will Government consider the question of giving seasonal licenses to those taxis which are running between Simla and Kalka, and are not wanted during cold weather, and make some effort to increase the number of public vehicles in the capital?

**The Honourable Dr. John Matthai:** I should like to look into it.

**Dr. Zia Uddin Ahmad:** Is the Honourable Member aware that the shortage of transport is not due to lack of motor vehicles but the licensing authority not giving licenses?

**The Honourable Dr. John Matthai:** That I think is a matter of opinion.

#### GRANT OF AMENITIES FOR PASSENGERS AT NEW DELHI STATION.

660. **\*Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable Member for Railways be pleased to state if he is aware of the fact that New Delhi Railway Station offers no comforts to the travelling Public?

(b) Are Government aware that the platform has no roof?

(c) Are Government aware that there are no waiting rooms for the upper and lower class passengers, nor any retiring rooms where passengers who do not find hotel accommodation can stop for the night?

(d) Are Government aware of the fact that there are no English Refreshment rooms, nor Muslim nor Hindu Refreshment rooms resulting in great inconvenience to passengers?

(e) Will Government please state whether there is a cloak room where passengers can keep their luggage in security?

(f) Are Government aware that the Railway authorities at the Station refuse to allow passengers to keep any luggage at the Railway Station?

(g) What steps do Government propose to take to remove these inconveniences to the travelling public?

**The Honourable Dr. John Matthai:** (a) Government are aware that New Delhi station does not at present provide all the usual amenities of a large station.

(b) Yes. .

(c) Yes.

(d) Yes.

(e) No.

(f) In the absence of a Cloak Room, it is not possible for passengers to leave their luggage at the station.

(g) Provision has been made in the 1947-48 Works Programme for a New Booking Office, Entrance Hall and Waiting Room and the provision of additional amenities is also under consideration.

**Mr. Ahmed E. H. Jaffer:** Is the Honourable Member aware that there is a ceremonial platform in New Delhi lying idle for many years, and will he place it at the disposal of the public because henceforth there will be no further ceremonies?

**The Honourable Dr. John Matthai:** I think that is a small part of the problem. If the Honourable Member is keen on providing substantial amenities in New Delhi station it should be considered on more comprehensive lines.

**Dr. Zia Uddin Ahmad:** Are facilities offered at the New Delhi station in keeping with the position of New Delhi as the capital of India and the traffic which is likely to come here?

**The Honourable Dr. John Matthai:** I find it difficult to answer the question since it involves a numbers of assumptions.

#### RECRUITMENT OF OUTSIDERS TO NEW POSTS OF ASSISTANT SURGEONS ON E. I. RAILWAY.

**661. \*Mr. Nagendranath Mukhopadaya:** Will the Honourable Member for Railways please state if he is aware of the fact that the East Indian Railway Administration has created posts of 14 Assistant surgeons in that Railway and outsiders have been recruited to those posts overlooking the claims of senior Sub-Assistant Surgeons who put in over 25 years service in that Railway?

**The Honourable Dr. John Matthai:** Government are informed that 14 posts of Assistant Surgeons have been created on the E. I. Railway and that these have been filled by the recruitment of outsiders. Cases of senior Sub-Assistant Surgeons already in service were considered but none of them was found to possess the qualifications prescribed for promotion to the Assistant Surgeon's grade. In this connection, I would invite the Honourable Member's attention to rule 62 of Appendix II to the State Railway Establishment Code, Volume I, (as amended by correction slip No. 566), a copy of which is in the Library of the House.

#### ARTICLE ON INDIAN TEXTILE INDUSTRY BY SHRI K. DESAI IN *Harijan*

**662. \*Shri D. P. Karmarkar:** Will the Honourable Member for Industries and Supplies be pleased to state:

(a) whether the attention of Government has been drawn to an article titled "Indian Textile Industry" by Shri Khandubhai Desai and the Editorial note thereon in the *Harijan*, dated January 19, 1947;

(b) whether the Indian Textile Industry is a concern of only about 150 firms:

(c) whether it is a fact, that the mill-agent's policy has resulted in high prices out of all proportion with the cost of manufacture; and

(d) whether Government propose to set up an independent Enquiry Committee in respect of the matters referred to in sub-paras. (b) and (c)?

**The Honourable Sri C. Rajagopalachari:** (a) Yes, Sir.

(b) No, Sir. There are 431 cotton textile mills in India, run by about 325 managing agents.

(c) I can well believe that some managing agents have made very high profits during the war, more particularly before the Government of India instituted price control in 1943. But it is not correct to say that the present controlled cloth prices are out of all proportion to the cost of manufacture. On the contrary, the ceiling prices fixed are arrived at on the basis of the various factors which go to make up the cost of manufacture.

(d) Yes, Sir; Government have decided to set up an enquiry committee to examine cloth prices.

**Mr. Manu Subedar:** Have Government seen a pamphlet issued by Mr. Khandhubhai Desai, Secretary of the Ahmedabad Mill Labour Union, in which he examines the position of the textile industry and the allegations and replies between him and the Bombay Millowners' Association? And will they consider that when this inquiry is held?

**The Honourable Sri C. Rajagopalachari:** Yes, Sir; Government's attention was drawn to the article that was referred to in the primary question and also to the reprints thereof and also to the vigorous refutations of the charges on the part of textile producers and the comments in the leading journals dealing with such subject-matter. And Government will certainly take the comments and the data given there as well as other matters when re-examining and fixing the cloth prices.

**Mr. Muhammad Nauman:** Are Government aware that these managing agents have various methods of making profits out of mill production, by appointing monopolist agents for fents and cut-pieces of the mills and appointing their own selling agents with whom they have secret arrangements?

**Mr. President:** Order, order, that is full of inferences and insinuations. What is the information which the Honourable Member wants?

**Mr. Muhammad Nauman:** I want to know if Government are aware that managing agents have different methods of monopolising profits of the trade over and above their commission, e.g., appointing monopolists . . . . .

**Mr. President:** The Honourable Member need not refer to the methods because they are inferential. He can only ask the first part of the question.

**Mr. Muhammad Nauman:** Are Government aware of these practices?

**The Honourable Sri C. Rajagopalachari:** I would ask the Honourable Member to give me a precise summary of the various frauds which he thinks have been committed and I shall have the matter examined.

**Dr. Zia Uddin Ahmad:** Has the Honourable Member seen articles in the press about corrupt practices of managing agents, which were also quoted by me on the floor of the House?

**The Honourable Sri C. Rajagopalachari:** We all want cloth and we want the cloth to be made, and in the present economy they are made by managing agents. We cannot get rid of them, and let us educate the managing agents not through questions here but through more concrete efforts in the matter.

#### GOVERNMENT'S PLAN FOR POST-WAR RE-CONSTRUCTION.

+663. **\*Mr. Vadilal Lallubhai:** (a) Will the Honourable Member for Industries and Supplies please state how many panels were appointed by the Government of India for various industries for planning post-war schemes as a result of Government's plan for post-war reconstruction?

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

(b) When were these panels appointed?

(c) How many of these have submitted their reports and when?

(d) When are the remaining panels expected to submit their reports to Government?

(e) What action have Government taken on the reports that have been already submitted? As a result of such action, how many new industries were started in India? And in the case of existing industries what progress has been recorded as a result of the reports of the panels?

**The Honourable Sri C. Rajagopalachari:** (a), (b) and (c). Nineteen panels have already reported.

A statement is placed on the table showing (i) the Panels appointed by Government; (ii) the dates on which they were appointed; and (iii) the Panels that have submitted their reports and the dates of submission.

(d) The Panels on Iron & Steel (Minor), Leather & Leather Goods, Oils and Soaps, Machine Tools, Refractories & Ceramics, Electrical Machinery & Equipment are expected to complete their work and submit reports by 31st March 1947.

The Reports of the Panels on Prime Movers and Shipbuilding & Marine Engineering might be delayed by 3-4 months from now.

It is not possible to say at present when the Panels on Light Engineering Industries & Scientific Instruments will be able to report.

(e) The recommendations of the Panels are under examination in consultation with the various Departments. No new industry has yet been started as a result of action taken on the Panel Reports; but it is believed that the Reports will be of material help to the Government and the industries concerned.

Statement

List of Industrial Panels	Date on which appointed	Date of submission of Final Report
1. Iron & Steel (Major)	10th January, 1945	13th April, 1946.
2. Iron & Steel (Minor)	10th January, 1945	..
3. Leather & Leather Goods	8th March, 1945	Not ready.
4. Hosiery	8th March, 1945	28th August, 1946.
5. Coir, rope, cordage and other fibre industries.	8th March, 1945	11th October, 1946.
6. Non-Ferrous Metals	13th March, 1945	20th March, 1946.
7. Electro-Chemicals	8th March, 1945	11th September, 1946.
8. Heavy Chemicals	10th March, 1945	11th September, 1946,
9. Glass	10th April, 1945	13th December, 1946.
10. Sugar, Alcohol and Food Yeast	10th April, 1945	13th March, 1946.
11. Soaps & Oils	10th April, 1945	Not ready.

List of Industrial Panels	Date on which appointed	Date of submission of Final Report
12. Machine Tools	10th April, 1945	Not ready.
13. Paper, Pulp, Wood Pulp, Chemical Cotton, Paste Boards, Straw Boards, etc.	10th April, 1945	3rd December, 1946.
14. Refractories & Ceramics	10th April, 1945	Not ready.
15. Shipbuilding & Marine Engineering	16th April, 1945	Not ready.
16. Light Engineering Industries	18th May, 1945	Not ready.
17. Paints and Varnishes	23rd May, 1945	5th November 1946.
18. Silk	1st June, 1945	15th October, 1946
19. Wool	1st June, 1945	11th January, 1947
20. Readymade Clothing	28th August, 1945	10th January, 1947
21. Rayon & Artificial Silk	30th August, 1945	15th December, 1946.
22. Industrial Plant & Machinery	2nd August, 1945	5th February, 1947
23. Automobiles & Tractors	24th August, 1945	10th February 1947.
24. Fine Chemicals, Drugs and Pharmaceuticals	24th August, 1945	3rd January, 1947.
25. Scientific Instruments	27th August, 1945	Not ready.
26. Electrical Machinery & Equipment	18th September, 1945.	Not ready.
27. Prime Movers	19th October, 1945	Not ready.
28. Plastics & Celluloid	28th January, 1946	13th December 1946.
29. Planning Committee for Cotton Textiles (Textiles Panel).	February, 1945	15th November, 1945.

#### CHANDAUSI SCHOOL FOR STAFF TRAINING OF THE E. I. RAILWAY

664. \*Mr. Nagendranath Mukhopadhyay: (a) Will the Honourable Member for Railways please state whether Government are aware of the fact that there is a school at Chandausi for training the staff of the East Indian Railway but that there is inconvenience in regard to their boarding and lodging?

(b) Do Government propose to consider the desirability of improving the arrangements in that school and adopting methods for training the staff on the same lines as in other Railways in India?

The Honourable Dr. John Matthai: (a) The E. I. Railway have a school at Chandausi for training their staff. Government do not consider that the lodging arrangements at the Chandausi School are in any way unsatisfactory. As regards boarding arrangements, Government have received no complaints from the staff, but the Railway Administration have found the working of the present catering contractor at the school unsatisfactory and are negotiating for the appointment of a new contractor.

(b) Apart from what I have said in my reply to part (a) in regard to messing arrangements, Government do not consider that other arrangements in the school call for immediate improvement. As regards methods for training the staff, Government consider that the training given in the Chandausi Training School compares favourably with that given on other Railways in India. Government are, however, considering, as a postwar measure, the general question of placing the technical training of railway servants on all Indian Government Railways on a better footing. It is expected that, as a result of the scheme, the activities of the Chandausi School will be extended, involving the general improvement and enlargement of the School in all its branches and functions.

#### PRODUCTION OF CEREALS IN INDIA

**665. \*Dr. Zia Uddin Ahmad:** (a) Will the Secretary of the Food Department be pleased to state if it is a fact that the total production of cereal in India is nearly 60 million tons?

(b) Is it a fact that the total consumption of India is 40 million tons allowing on an average of 6 oz. per head for the population of 410 millions?

(c) Is it a fact that allowing 2½ million tons for import and reserving 7½ million tons for seeds, there is a surplus of 15 tons of food stuff per annum?

**Mr. K. L. Panjabi:** (a) The average annual production of cereals in India in the five years ending 1944-45 was 58.7 million tons.

(b) No, Sir.

(c) No, Sir. India is deficit in foodgrains.

**Dr. Zia Uddin Ahmad:** In replying to part (b) in the negative did the Honourable Member make the calculation himself, because it is a question of simple arithmetic?

**Mr. K. L. Panjabi:** Yes, Sir.

#### DISPOSAL OF ANNUAL SURPLUS OF FOODSTUFFS IN INDIA

**666. \*Dr. Zia Uddin Ahmad:** (a) Will the Secretary of the Food Department be pleased to state how the annual surplus of 15 tons of foodstuff in India is disposed of?

(b) Are Government aware that cultivators feed their cattle on wheat, gram, and barley and sell chari, which is now sold at Rs. 4 per maund, to non-agriculturists?

**Mr. K. L. Panjabi:** (a) As there is no surplus of foodgrains in India, the question does not arise.

(b) Government are aware of the fact that cattle have always been fed partly on gram or barley and partly on chari in order to provide them with concentrates as well as roughage. Government have no information that wheat is being used for this purpose. In view of the comparative prices of wheat, gram, barley and chari it is unlikely that wheat would be used for this purpose.

**Dr. Ziauddin Ahmad:** With reference to part (a) of the question, may I repeat what I said on the floor of the House that the shortage exists only in the Food Department of the Government of India and not in the country?

**Mr. President:** Order, order; that is only an expression of opinion.

#### FAILURE OF SCHEME OF COMPULSORY ACQUISITION OF FOODSTUFFS

**667. \*Dr. Zia Uddin Ahmad:** (a) Will the Secretary of the Food Department be pleased to state if it is a fact that the scheme of compulsory acquisition of food stuff has failed?

(b) If so, do Government propose to give up the controls?

**Mr. K. L. Panjabi:** (a) No, Sir.

(b) Does not arise.

**GRANT OF NEWSPRINT TO NEW NEWSPAPERS**

**668. \*Mr. Sasanka Sekhar Sanyal:** Will the Honourable Member for Industries and Supplies be pleased to state:

(a) province by province, the number and names of new newspapers (including dailies, bi-weeklies, weeklies, fortnightlies, monthlies and other periodicals) together with the names of the Editors and Proprietors thereof which were granted permission by the Government of India during the period from the 2nd of September, 1946 to the 31st of December, 1946, in the matter of newsprint and other paper;

(b) the number of applications which were rejected in regard to the same matter during the said period;

(c) the general principles adopted by Government in the matter of granting or rejecting such applications; and

(d) when Government expect to make newsprint and other paper freely available for all enterprises in the field of Journalism?

**The Honourable Sri C. Rajagopalachari:** (a) A statement giving the required information so far as it is available is laid on the table.

(b) The number of applications for permission to publish new newspapers and periodicals has been very large but on account of the shortage of both newsprint and paper only a very few of these have been granted and the rest have been refused. Collection of the information under head of refusal will involve an expenditure of time and labour which Government do not consider justified.

(c) In view of shortage of paper permission to start a new newspaper or periodical has in the past been given only in exceptional cases, e.g., if it represents views of an important political party or group or advocates policy which is not already represented in adequate measure or is otherwise likely to serve a very useful purpose.

(d) As announced in the Press Note issued on the 14th February, 1947, a copy of which is in the Library, it has already been decided to relax the control on the acquisition and consumption of newsprint with effect from the 1st April, 1947, from which date there will be no restriction on the starting of dailies, weeklies or monthlies on newsprint. The free market will therefore be available a month hence. In view, however, of the difficult situation as to ordinary paper, restrictions on the starting of new journals on paper other than newsprint cannot be removed.

List of newspapers and periodicals which were permitted to start publication on paper other than newsprint after the 2nd September, 1946 upto 31st December, 1946.

S. No.	Name of newspaper or periodical	Periodicity	Name of the party to whom permission was granted	Date of orders
1	2	3	4	5
1	The Pravasi . . . .	Monthly . . . . <i>Ajmer-Merwara</i>	Bhawani Dayal Sannyasi, Esq., Pravasi Bhawan, Ajmer.	25-11-46
1	Weekly Journal . . . .	Weekly . . . . <i>Assam</i>	Haridas Deka Esq., Paragati, Prakash, Gauhati.	17-9-46

1	2	3	4	5
2	Weekly Journal	"	Debeswar Sarma Esq. Speaker, Assam Legislative Assembly, Shillong.	30-9-46
3	Weekly Newspaper	"	The Managing Proprietor Deka Assam Weekly, Gauhati.	27-12-46
4	Jagaran	Monthly	Biswa Dev Sarma, President, All Assam Students' Union, Gauhati.	25-10-46
5	Arum	"	Mahadev Sarma Esq. Chairman, Local Board, Tezpur.	23-10-46
6	Surhid	"	Secretary All India R.M.S. & Postal Union, Cachar Branch Silchar.	18-11-46
		<i>Bengal</i>		
1	Ittehad	Bi-weekly	The Editor, Ittehad, 10, Machua Bazar Street, Calcutta.	9-9-46
2	Sandhya	Weekly	Barindra Kumar Ghose 32/A, Ramkanta Street, Calcutta.	1-10-46
3	Auctioneer	"	R. E. Baptiste Esq., 98, Elliot Road, Calcutta.	12-12-46
4	Abhyudaya	"	Satya Priya Banerjee Esq. Calcutta.	16-12-46
5	Caterer	Monthly	The Editor, The Caterer of India, Burma & Ceylon, 19-A, Chowringhee Mansions Calcutta.	12-9-46
6	Adhunik Chikitsa	"	Dr. P. Chatterjee 37, Middle Road, Calcutta.	13-9-46
7	International Medical Abstract & Reviews.	"	Dr. Jyoti Dhar B. Sc. M. B. 34, Alipore Road, Calcutta.	13-9-46
8	Jayashree	"	Mrs. Leela Roy, 47/A, Rashbehari Avenue, Calcutta.	21-11-46
9	Quarterly Journal	Quarterly	The President, Indian Psycho-Analytical Society, Calcutta.	19-12-46
10	School Magazine	Four Monthly.	The Headmaster, Municipal High School, Burdwan.	29-10-46
11	School Magazine	Half Yearly.	The Teacher-in-Charge, Magazine Committee, Brishal, 34 Parganas.	7-9-46
12	Dunlop Indian Gazette	"	D. J. Keymer & Co. Ltd., 5, Council House Street, Calcutta.	18-9-46
13	Sino Indian Cultural Journal.	"	Tan Yun Shan Esq., Santiniketan.	31-10-46

1	2	3	4	5
14	Alok . . . . .	Half yearly	The Secretary, Magazine Committee, Kandapara N. N. H. E. School, Khulna.	18-11-46
15	The Review of Tropical Diseases.	Two-Yearly.	N. G. Majmudar Esq., 29, Chakrabere Lane, Elgin Road, Calcutta.	1-11-46
		<i>Bombay</i>		
1	Toiler's Front . . . . .	Weekly	B. D. Choksi, Esq., 302/C, Vithalbhai Patel Road, Bombay.	4-9-46
2	Sanghasakti . . . . .	Weekly	P. H. Patwardhan, Esq., Editor, Sanghasakti, Ahmednagar.	12-9-46
3	Udaya . . . . .	Do.	A. J. Ambli Esq. Bijapur, Bombay.	10-10-46
4	Kedut . . . . .	Fortnightly	G. S. Patel Esq., Tabika Development Association Anand.	30-9-46
5	Pravinaya . . . . .	Monthly	K. M. Tamhankar Esq., Pravinaya Karyalaya, 239, Girgaon Road, Bombay.	12-9-45
6	Narsinha . . . . .	Do.	H. S. Patil Esq., 130, Shivaji Park, Bombay 28.	12-9-46
7	Upa Commercial Service . . . . .	Do.	The Business Manager, United Press Association, 1st Floor Mubarak Manzil, 110 St. Fort, Bombay.	14-9-46
8	Marathi Journal . . . . .	Do.	The Manager, Sulabha, Rashtriya Granthmala, Tilak Road, Poona 2.	21-9-46
9	Pragati . . . . .	Do.	Shantilal M. Patel, C/o. Chhotelal G. Doctor, No. 4, Tradeo, Bombay.	21-10-46
10	Bharatiya Vidya Patrika . . . . .	Do.	The Honorary Registrar, Bharatiya Vidya Bhavan, 33-35, Hornby Road, Bombay.	15-11-46
	Pratibha . . . . .	Do.	U. S. Mohan Rau Esq., 267, Hornby Road, Bombay.	25-11-46
12	School Journal . . . . .	Annual	The Headmaster, Pioneer High School, Anand, Bombay.	12-9-46
13	Do. . . . .	Do.	Rev. H. Dalton S. J., St. Mary's High School, Bombay 10.	24-9-46
14	Khalsa . . . . .	Do.	The Principal, Khalsa College, King's Circle, Bombay.	21-10-46

1	2	3	4	5
		<i>Bihar</i>		
1	Al Hilal . . . . .	Daily . . . . .	Syed Amirul Hasan, Esq., Bankipore, Patna.	5-9-46
2	Chota Nagpur Darpan . . . . .	Weekly . . . . .	Murganji Esq., Adimjyosti Sewa Mandal, Hatia, Ranchi.	11-9-46
3	Janata . . . . .	Do. . . . .	Rambrikash Benipur, Esq., C/o The Pustak Bhandar, Govind Mitra Road, Patna.	21-10-46
4	Parkash . . . . .	Do. . . . .	Gauri Sahnakar Dalmia, Jasidih.	22-10-46
5	Ghareeb-ki-Dunya . . . . .	Do. . . . .	Zainul Abedin Ansari, Esq., Bankipore, Patna.	25-10-46
6	Mukti, Manbhumi . . . . .	Do. . . . .	Arun Ch. Ghose, Esq., Purulia.	7-12-46
7	Chhotanagpur Voice . . . . .	Do. . . . .	Satya Deo Sahu, Esq., Gru- modyog Karyalaya Ran- chi.	23-12-46
8	New Light . . . . .	Do. . . . .	Mansoor Ahmed, Esq., 14, Church Road, Ranchi.	23-12-46
9	Monthly Journal . . . . .	Monthly . . . . .	The Hony Secretary, Bihar Chamber of Commerce, Patna.	9-9-46
10	Marsalatabon . . . . .	Do. . . . .	Rev. Fr. J. Portalli, Tinpa- har, Santal Parganas.	26-10-46
11	Sohail . . . . .	Do. . . . .	M. Z. Abedin Esq., Gaya . . .	27-12-46
12	Eastern Educationist . . . . .	Do. . . . .	The General Secretary, Bihar Secondary School, Patna	31-12-46
13	Coalfield Times . . . . .	Do. . . . .	The Publisher, The Coalfield Times, Dhanbad.	31-2-46
<i>Central Provinces and Berar</i>				
1	Dominion Law Reporter . . . . .	Weekly . . . . .	Rao Bahadur D. D. Datar Advocate, 341, Tikkekar Road, Dhantoli, Nagpur.	3-9-46
2	Inkalab . . . . .	Do. . . . .	S. S. Barlinge, Esq., Minister of Public Health, Nagpur.	4-10-46
3	Vindhya Kesari . . . . .	Do. . . . .	M/S. J. P. Jyotishi & P. N. Telang, Bhuttonghat, Saugor.	23-10-46
4	Lok Sewa . . . . .	Do. . . . .	G. B. Awasthi Esq., Prop. Lok Sewa, Sundar Bandhu Press Jubbulpore.	30-10-46
5	Nagrik . . . . .	Do. . . . .	C. J. Pathak Esq., Nagpur . . .	2-12-46
6	Kastar . . . . .	Bi-weekly . . . . .	Sukhdev Aggarwala Esq., Ex-Vice President, Muni- cipal Committee, Gondia.	18-9-46

1	2	3	4	5
7	Fortnightly Congress Bulletin.	Fortnightly	Seth Govind Das, M. L. A., Jubbulpore.	21-12-46
8	Greater Nagpur	Monthly	The Chairman, Improvement Trust, Nagpur.	14-10-46
9	Mahila Ashram Patrika	Quarterly	Organising Secretary, Mahila Ashram.	19-9-46
10	Educator	Do.	The Principal, University Training College, Nagpur.	15-11-46
11	Arya Sandesh	Do.	The Principal, Govindram Seksaria College, Wardha.	7-12-46
12	School	Do.	The Principal, Spence Training College, Jubbulpore.	20-12-46
<i>Delhi</i>				
1	Federalist	Weekly	Dr. R. U. Singh, Delhi University, Delhi.	6-9-46
2	Liberator	Do.	Giani Kartar Singh, M. L. A. 168, Welleslay Road, Delhi,	23-11-46
3	Dost	Fortnightly	Khan Elias Ahmed Mujibi, Delhi.	16-12-46
4	Glimpses	Monthly	Krishna Gopal, Esq., Harding Library, Delhi.	11-10-46
5	Leela	Do.	Miss Saida Hamid, 26, Prithviraj Road, New Delhi.	17-10-46
6	Indians Abroad	Do.	G. L. Kapur, Esq., P. O. Box. No. 110 Kashmere Gate, Delhi.	19-10-46
7	Monthly Journal	Do.	S. A. Hussain, Editor, Rahbar-i-Dehat, Delhi.	30-11-46
8	Physios	Quarterly	Dr. D. S. Kothari, Delhi University, Delhi.	6-9-46
9	Anand Parwat	Do.	The Principal, Ramjas College, Delhi.	22-10-46
<i>Madras</i>				
1	Yuvajana	Weekly	The Managing Director, Prakash Printer & Publishers Ltd., Bezwada.	11-10-46
2	Pakistan	Do.	M. A. Sulani, Esq., President, District Muslim League, Guntur.	19-9-46
3	Jai Hind	Do.	M. Venkataraju, Esq., Guntur.	22-10-46
4	Navjeevan	Do.	Mrs. B. Adilakshmy Murthy, Publisher, 11, Uruthcantan St. Madras.	2-11-46

1	2	3	4	5
5	Suthantharaveeran . . . . .	Weekly . . . . .	J. P. Redrigue Esq., Prop. The Suthantharaveeran, Press, 2/141, Brodway Madras.	4-11-46
6	Malayalam . . . . .	Do. . . . .	M. G. Menon Esq., Madras.	20-11-46
7	Illustrated Weekly (Jaya Bharat). . . . .	Do. . . . .	M. Annapurniah Esq., Mem- ber All India Congress Committee, Rajahmundry.	20-11-46
8	Andhra Pracharini . . . . .	Do. . . . .	Sri B. S. Narayan Rao, Coonada.	30-11-46
9	Bharata Mitram . . . . .	Do. . . . .	Rev. S. Aruliah, Secy. to the Bishop (S. I.)	10-12-46
10	Munnetram . . . . .	Do. . . . .	The Manager, Munnetram, Tirunelvelipetai.	12-12-46
11	Jawala . . . . .	Do. . . . .	T. K. Ramchandra Esq., Kurnool Town. Madras.	16-12-46
12	Aindravathi . . . . .	Do. . . . .	Vanam Sankara Sarma Palli- konda, Kurnool District, Madras.	17-12-46
13	Share Market . . . . .	Fortnightly . . . . .	Chitra & Co. 110/111, Arme- nian St., Trichinopoly, Madras.	4-9-46
14	Tamil Muresu . . . . .	Do. . . . .	I. P. Sivagnana Gramier 233, Linghi Chetty St., Madras.	10-10-46
15	Gram Seva . . . . .	Monthly . . . . .	M. K. Subramaniam, Esq., 27, Thambiah Reddy Road, Thyagaryanagar, Madras.	12-9-46
16	Silpi . . . . .	Do. . . . .	V. R. Chitra Esq., Editor, Silpi Mount Road, Madras.	18-9-46
17	Hindi Patrika . . . . .	Do. . . . .	The Secretary, Tamil Nad Hindi Prachar Sabha, Trichinopoli.	27-9-46
18	Vishalandhra . . . . .	Do. . . . .	Prathapa Ramasubbayya, Esq., Brodiapet, Guntur.	10-10-46
19	Navayuga . . . . .	Do. . . . .	Sr. K. Adwaitha Parabrahma Sastry, 146, Sivalayam St. Guntur.	19-11-46
20	Magazine Tamil & Telugu . . . . .	Do. . . . .	The Provincial Organising Commissioner, 2, North Mada St. Mylapore.	26-11-46
21	District Scouting . . . . .	Do. . . . .	The Hony. Joint Secy., The Madras District Hindus- than Scout Association. Madras.	26-11-46

1	2	3	4	5
22	Anasuya	Monthly	Sri V. V. L. Prabhakar, Triplicane, Madras.	29-11-46
23	Samata	Do.	V. Sedanand, Esq., Madras.	14-12-46
24	The Lawyer	Do.	The President, Provincial Bar Federation, Madras.	18-12-46
25	Helpers Through Prayer	Quarterly	The Treasurer, The Council of the India Mission of the United Church in America etc., Guntur.	19-10-46
26	The Indian Journal of Radiology.	Do.	Rao Bahadur Dr. P. Rama Rau, D. W. P. The Indian Radiology, Kilpauk.	26-10-46
27	Journal of Government School of India Medicine.	Do.	The Secretary to the Government of Madras, Education & Public Health Deptt. St. George, Madras. (Paper to come out of Civilian's quota).	16-11-46
28	Journal of Poetry	Do.	S. Srinivasa Rao Secy. Andhra Progressive Writer's Association, Mysapore.	26-11-46
29	School Magazine	Annual	Rev. Mother Superior, St. Thomas Convent, Mysapore.	17-10-46
30	A. A. & Service Annual	Do.	The Prop. A. A. & Service, 6, Sunkurama Chetty St. Madras.	17-12-46
1	Monthly Journal	Orissa Monthly	The Secretary, All India Spinners Association, Utkal Branch Cuttuck.	22-10-46
1	Tansin	Punjab Weekly	Hon'ble Dewan Bahadur S. P. Singha, Speaker, Punjab L. A., Lahore.	10-10-46
2	Hariana Tilak	Do.	Pt. Shri Ram Sharma, Rohtak	18-10-46
3	Khadi Patrika	Do.	The Editor, Khadi Patrika, Jullundur City.	18-10-46
4	Cantonment Gazette	Monthly	The Hony. Secretary, All India Cantonments' Association, Lahore Cantt.	25-10-46
5	Monthly Magazine	Do.	A. J. Kardar, Esq., Akhtar Lodge, Gunj Bux Road, Lahore.	28-10-46
6	Nargis	Do.	Hameed Ali, Esq., 1282, Chabuk Sawran, Lahore.	19-11-46
7	Monthly Bulletin	Do.	The General Secretary, The Boy Scouts Association, in India, N. W. R. Branch, Lahore.	21-11-46
8	Punjab Geographical Review.	Half-yearly	Prof. E. T. Dean Foreman, Xian College, Lahore.	21-12-46

1	2	3	4	5
		<i>Sind</i>		
1	Harijan .	Weekly	Showak Ram Karam Chand Esq., Joint Secretary, Gandhi Sahitya Mandal, Sukkur.	30-11-46
2	Electro News .	Monthly	The Hony. General Secy., Indian Radio Society, Karachi.	11-10-46
3	Annual Journal	Annual	The President, Sind Science Research Society, Karachi.	26-9-46
		<i>United Provinces</i>		
1	Prabhat	Weekly	R. A. Pandey, Esq., Prabhat Press, Ballia.	7-9-46
2	Beback .	Do.	The Editor & Prop., Beback Weekly, Saharanpur.	12-9-46
3	Congress	Do.	S. M. Jafar, Esq., 45, Newal Kishore Road, Lucknow.	16-9-46
4	Light House . . . .	Weekly	Ram Gopal, Esq., III/115, Ganj St., Meerut Cantt.	10-10-46
5	Vijaya .	Do.	The Manager, Sharma Machine Printing Press, Moradabad.	23-10-46
6	Weekly Journal . . . .	Do.	Mr. Prem Kishen Khanna, Shahjahanpur.	22-11-46
7	Nanital Gazette	Do.	The Managing Prop., Nanital Gazette.	2-12-46
8	Students Herald . . . .	Do.	Mr. Narendra Kr. Goyal, Sri Kashi Vidyapith, Benares.	3-12-46
9	New India	Fortnightly	Rohit Mehta Esq., Joint Editor, Benares.	21-10-46
10	Viplava .	Monthly	The Editor, Viplava Karyalaya, Lucknow.	8-11-46
11	Roshni (Eng) Lucknow .	Do.	The Hony. General Secy., Association of the All-India Women's Conference, Bombay 26.	3-12-46
12	Nayee Roshni .	Do.	Miss Nazma Sultana, Lucknow.	6-12-46
13	Janavani Benares Cantt. .	Do.	Acharya Narendra Deo, Esq., M. L. A., 14 Kashi Vidyapith, Benares.	27-12-46
14	Palmobotany .	Quarterly	B. Sahni, Esq., Prof. of Botany and Dean, University of Lucknow.	6-11-46
15	College Magazine	Annual	Shyama Ch. Misra, Esq., Principal, Kanyakubja College, Lucknow.	28-11-46

List of newspapers and periodicals which were permitted to start publication on newsprint after 2nd September 1946 upto the end of December 1946

## PART II

S. No.	Name of newspaper	Province	Name of Party	Periodicity	Date of orders
1	2	3	4	5	6
1	Nava Jyoti, Ajmer	Ajmer	D. P. Chaudhry	Daily	6-12-46
2	Naya Rajasthan	Do.	Ram Narayan Chaudhry.	Do.	30-11-46
3	Ittihad, Calcutta	Bengal	Ittihad Printing and Publishing Co., Ltd., Calcutta.	Do.	27-11-46
1	Nava Rashtra, Patna.	Bihar	Dev Brata Shastry, Patna.	Do.	18-10-46
2	Rashtra Sandesh, Purnea.	Do.	Kamal Dev Narain Sinha.	Weekly	31-10-46
1	Navayug, Bhubli	Bombay	T. R. Neswi, M. L. A.	Daily	26-10-46
2	Free India	Do.	Akhil Bharat Ltd.	Do.	28-10-46
3	Swadesh, Nasik City	Do.	G. G. Sudankar	Bi-weekly	28-11-46
4	Rajasthan Kesari, Ahmedabad	Do.	Rishi Dutt N. Mehta	Weekly	8-10-46
5	Jagrathi, Bombay	Do.	Organ of All India Women's Conference.	Do.	16-10-46
6	Flag of Freedom, Bombay	Do.	B. G. Harniman	Do.	28-10-46
7	Begum, Bombay	Do.	Mrs. Violet Elva	Monthly	16-10-46
1	Sowak, Akola	C. P.	Mr. M. R. Thosar	Weekly	21-10-46
1	Al-Jamiat, Delhi	Delhi	A. I. J. miat Ulema	Daily	19-10-46
2	English, Daily	Do.	Dr. Syed Hussain	Do.	18-10-46
3	Dastur, Delhi	Do.	Azizul Rahman	Do.	23-10-46
4	Al-Balal, Delhi	Do.	S. Mahjabin Hussain	Do.	29-10-46
5	Greater India, New Delhi.	New Delhi	K. J. Jacob	Daily	19-11-46
6	Hurriyat, Weekly	Delhi	Aziz Hasan Baqui, Delhi.	Weekly	1-10-46
1	English Daily, Madras	Madras	K. T. M. Ibrahim	Daily	23-9-46
2	Vinochamam, Madras	Do.	Mr. Sada Sivam	Do.	21-10-46
3	Tamil Weekly, Madras	Do.	Allah Pachaya	Weekly	8-10-46
4	Grama Swarajam, Madras	Do.	Sri Venkata Keishanayya.	Do.	4-11-46
5	Griha Lakshmi, Madras	Do.	Seshagiri Rao	Monthly	4-11-46

S. No.	Name of newspaper	Province	Name of Party	Periodicity	Date of orders
1	2	3	4	5	6
1	Abu Kalam, Peshawar	N. W. F. P.	Mr. Yunus	Daily	7-10-46
2	Sadaqat, Peshawar	Do.	Syed Gul Badshah	Weekly	16-10-46
4	Bande Matram, Lahore.	Punjab	Mohan Singh Sahini	Daily	16-9-46
2	Siyasat, Lahore	Do.	S. M. Habib	Do.	29-9-46
3	New India, Lahore	Do.	Yodhraj	Do.	28-9-46
4	Ranjit, Lahore	Do.	Northern Indian Newspaper Ltd.	Do.	1-10-46
5	Jai Hind, Lahore	Do.	Mr. Virendra	Do.	19-10-46
6	English Daily, Lahore	Do.	Seth Sudershon	Do.	19-10-46
7	Log, Lahore	Do.	All India Ahrar Party (Aziz-Ur-Rehman).	Do.	26-10-46
8	Punjab, Lahore	Do.	Provincial Jat Mahasabha, Punjab.	Do.	14-11-46
9	Filmo, Lahore	Do.	Anant Singh	Fortnightly	15-11-46
1	Hilal Pakistan, Hyderabad.	Sind	Muslim League	Daily	14-10-46
2	New Sind, Karachi	Do.	Abbasi Publication	Weekly	8-11-46
1	Prakash Daily, Agra	United Provinces	M. L. Kela	Daily	25-9-46
2	Sangarsh, Lucknow	Do.	Damodar Swarup Seth	Weekly	11-11-46
3	Prem. Brindaban	Do.	Raja Mohindera Pratap.	Monthly	25-9-46

THUMB IMPRESSIONS IN THE OFFICE OF REGISTRARS AT DELHI

669. \*Shri Sri Prakasa: Will the Honourable the Law Member be pleased to state:

(a) whether Government are aware that even highly educated non-official Indians are required to put their thumb impressions in the offices of the Registrars at Delhi when they go to register documents;

(b) whether Government are aware that the Registrars do not insist on such thumb impressions in the case of officials and non-Indians;

(c) whether Government are aware that the Provincial Governments have exempted educated persons from the necessity of putting their thumb impressions in such cases; and

(d) whether Government propose to introduce a similar procedure in the centrally administered areas and permit the putting of signatures only?

The Honourable Mr. Jogendra Nath Mandal: (a) and (b). Practice in Delhi is governed by an executive instruction of the Inspector-General of Registration for the Punjab and Delhi. This instruction requires Registering Officers to

take the thumb impression of any person who presents a document for registration but empowers them in their discretion to relax this requirement in the case of "any person who is fully literate and of good standing". There is no distinction between officials and non-officials and Indians and non-Indians as such.

(c) and (d) I have no information of the rules or practice in force in Governors' Provinces other than the Punjab, but I am prepared to institute enquiries with a view to consider whether any action is required in respect of Chief Commissioners' Provinces.

**Shri Sri Prakasa:** May I take it that the Honourable Member is satisfied that the rule now in force is in keeping with the general ideas of the country?

**The Honourable Mr. Jogendra Nath Mandal:** That is a matter of opinion, but under the rule discretion has been given to the registering officer to exempt any person who is literate and who can clearly read the document to be registered. So I feel that the existing practice is all right.

**Shri Sri Prakasa:** In view of the fact that these registering officers invariably exercise their discretion in favour of officials and non-Indians in the matter of taking thumb impressions and invariably exercise their discretion against non-officials who are forced to give their thumb impressions, will the Honourable Member not follow the Punjab practice but issue orders that in his own province of Delhi and the provinces administered by him, thumb impressions shall not be taken in the case of educated people?

**The Honourable Mr. Jogendra Nath Mandal:** The practice prevailing in the Punjab is followed here in Delhi too. Sufficient discretion has been given to registering officers, but if there is any complaint of the nature now made by the Honourable Member, I am prepared to make an inquiry and put things right.

**Shri Sri Prakasa:** Is there any section in the Government of India Act which forces the Honourable Member to follow the Punjab in this matter? If not, will he take steps in this behalf immediately?

(No reply was given)

**Lala Deshbandhu Gupta:** May I know if the same practice exists in the U. P. and other provinces, if not, why cannot the Honourable Member follow the U. P. and such other provinces where that practice is not followed?

**The Honourable Mr. Jogendra Nath Mandal:** As I said, I am not aware of the practice prevailing in other provinces except the Punjab. If the Honourable Member so desires, I am prepared to make an inquiry and see that a uniform practice is followed in all provinces.

**Shri Sri Prakasa:** Will the Honourable Member stop the practice at once in Delhi? That is my specific question.

**The Honourable Mr. Jogendra Nath Mandal:** From the attitude of my Honourable friend it appears that the practice is really in vogue in Delhi. I will make an inquiry into the matter and put things right as early as possible.

#### LICENCES FOR FACTORIES FOR JAM MANUFACTURERS IN BENARES

670. **\*Shri Sri Prakasa:** Will the Secretary of the Department of Agriculture be pleased to state:

- (a) how far the Fruit Product Control Order has been put into operation;
- (b) whether it is a fact that the Fruit Development Adviser to the Government of India, has notified a large number of small manufacturers of jam in Benares, that their factories are not suitable and that their licences would be cancelled;
- (c) if so, whether Government are aware that such action will be harmful to jam-making industry as a household industry; and
- (d) whether Government propose to consider the desirability of revising their orders?

**Sir Pheroze Kharegat:** (a) This Order came into force from the 1st July 1946, and is designed to improve the hygienic conditions under which fruit products are manufactured, and to improve their quality. In order to avoid hardship, even those manufacturing under unsatisfactory hygienic conditions have been licensed temporarily and given time to improve their premises. Such improvement has already been effected in a number of cases while in others time has been allowed for the same till the 31st March. Work on quality control has been taken up recently and samples of fruit products are being collected for analysis.

(b) Nine factories at Benares have been licensed. Of these, the premises of one are considered satisfactory and those of the other eight are reported to be unfit for the manufacture of fruit products. They have been asked to shift to better localities by the 31st March, 1947. These premises will be visited again in order to see if they can be improved to a reasonable extent to permit of the production of fruit products under reasonably hygienic conditions.

(c) No, Sir. - The making of jams for household consumption is not affected by the Order. All that is required of small manufacturers is clean premises, capable of hygienic production of fruit products of prescribed quality, so that they may not endanger the consumers' health and life.

(d) The Order provides for an appeal to a tribunal and each case will be decided on its merits.

**Shri Sri Prakasa:** Will the Honourable Member kindly give us an idea of the moral, technical and intellectual qualifications of the gentlemen called inspectors who were sent down to inspect these factories at Benares?

**Sir Pheroze Kharegat:** I cannot say anything about their moral or intellectual qualifications, but they are all graduates who have received training in fruit preservation.

**Shri Sri Prakasa:** In view of the fact that jam making is a household industry in Benares and that this jam is in great demand and have proved satisfactory for centuries will the Honourable Member please rescind the order that has been issued?

**Sir Pheroze Kharegat:** No, Sir; the orders simply ensure that production is carried on in hygienic conditions, and I am sure the Honourable Member will agree that we should not issue orders which will enable fruit products to be manufactured in conditions which are hopelessly unhygienic.

**Shri Sri Prakasa:** Will the Honourable Member help these jam makers in Benares who make these jams in their houses to get suitable sites? Is he not aware that it is almost impossible to get sites nowadays in large towns?

**Sir Pheroze Kharegat:** Yes, Sir, Government are aware that it is very difficult to get suitable accommodation, and it is for that very reason that we have issued instructions to the effect that the premises in question should be visited again in order to see to what extent they can be reasonably improved. And as soon as circumstances permit we will certainly help them to obtain land or buildings elsewhere where this manufacturing work can be carried on in more hygienic conditions.

**Shri Sri Prakasa:** Is it a fact that Sardar Bahadur Sardar Lal Singh (may his shadow never grow less!) has issued a notice to the jam makers in Benares on a paper that is without date in which he says that the Fruit Products Control Order was published in December 1946 and came into force on July 1, 1946 (six months before it was published!), and in which he has threatened to delicense all the factories because they have been found by his precious inspectors to be unsatisfactory?

**Sir Pheroze Kharegat:** I have no information about the actual order which is said to have been issued, but the fact is that the Fruit Products Control Order was published in July 1946 and not in December 1946.

**Dr. Zia Uddin Ahmad:** Will these orders lapse on 31st March 1947?

**Sir Pheroze Kharegat:** I am not quite sure of the legal position but I think that these orders will continue in force if various other orders of a similar kind also continue.

**Shri Sri Prakasa:** Will the Honourable Member kindly issue orders extending the date beyond the 31st March?

**Sir Pheroze Kharegat:** Yes, Sir. I have already stated once that revised instructions have been issued that these premises should be re-inspected and efforts made to have the existing premises improved, and as soon as that has been done, fresh licences for the next quarter will be issued.

**Shri Sri Prakasa:** But in view of the fact that these letters—I have got them in my hand—show that these premises will all be delicensed automatically on the 31st of March 1947, may I know if the Honourable Member is going to consider this matter more sympathetically and not to stop a useful industry all at once?

**Sir Pheroze Kharegat:** We have no desire, Sir, to stop the industry and the matter will certainly be considered again with a view to ensure hygienic production without in any way adversely affecting the industry.

**Shri Sri Prakasa:** Are the eaters of jam also living in hygienic conditions?

**Mr. President:** Next question.

#### RAILWAY ACCIDENT ON O. T. RAILWAY NEAR BHATNI RAILWAY STATION

**671. \*Shri Sri Prakasa:** Will the Secretary of the Communications Department be pleased to state:

(a) what railway accidents which occurred during the year 1946 are being enquired into by Government;

(b) whether the enquiry into the accident on the Oudh and Tirhut Railway near Bhatni railway station has been completed; and

(c) whether the report will be made available to the public; if so, when?

**Sir Harold Shoobert:** (a) Inquiries were held by the Government Inspectors of Railways into 25 accidents during the year. I place on the table of the House a statement giving particulars of those accidents.

(b) Yes.

(c) As a result of the enquiry there is likely to be a prosecution, and the report will be published when all the legal proceedings have terminated.

*Statement showing the railway accidents that occurred during 1946, and were enquired into by Government Inspectors of Railways under the Communications Department*

Serial No.	Description of accident.
1.	Head-on collision between 656 Down Mixed Train and NT 37 Up Goods Train at Manipur Road station (B. A. Railway), on 12th January 1946.
2.	Head-on collision between 36-Down Passenger and 733-Up Goods trains at Gobardanga station (B. A. Railway), on 26th January 1946.
3.	Head-on collision between 723-Up Goods and 10-Down Express trains at Baghauli station (E. I. Railway), on 4th March 1946.
4.	Side-collision between 11-Up Express and Down Marriage Special at Sakaldiha station (E. I. Railway), on 4th March, 1946.
5.	Fire on 33-Up Passenger train between Jagadhri and Daraspur stations (N. W. Railway), on 21st March 1946.
6.	Destruction by fire of a passenger carriage on 35-Down Bombay-Madras Express between Boribyal and Diksal stations (G. I. P. Railway), on 2nd April 1946.

7. Head-on collision between 12-Up and 13-Down Passenger trains at Itwari station (B. N. Railway), on 10th April 1946.
8. Collision between 6-Down Mail and Buffer Stops at Howrah station (E. I. Railway), on 13th May 1946.
9. Derailment of 488-Down Mixed train between Unharwah and Thul Sind (N. W. Railway), on 29th May 1946.
10. Derailment of 34-Down Mixed train between Chanderia and Gangrar stations (B., B. & C. I. Railway), on 4th June 1946.
11. Side-collision between 284-Down Passenger train and a motor bus, between Karanapur and Rupsa stations (B. A. Railway), on 9th June 1946.
12. Side-collision between 3-Up Mail and 131-Up Military Special at Kaloobathau station (E. I. Railway), on 15th June 1946.
13. Collision between 6-Down Mail and a Motor Lorry at level crossing No. 87, between Pilkhani and Saharanpur stations (N. W. Railway), on 19th July 1946.
14. Collision between 90-Down and 73-Down Passenger trains at Bhatni station, (O. T. Railway), on 28th July 1946.
15. Injuries to passengers of 548-Up Suburban Local Train at Mahalakshmi Kutchra Siding on B., B. & C. I. Railway, on 20th August 1946.
16. Derailment of 10-Down Surma Mail between Brahmanbaria and Talshahar stations (B. A. Railway), on 9th September 1946.
17. Derailment of 10-Down Surma Mail between Ashuganj and Talshahar stations (B. A. Railway), on 20th September 1946.
18. Derailment of 1-Up Lucknow Express between Dighwara and Baragopal station (O. T. Railway), on 23rd September 1946.
19. Following collision between 100-Down and 118-Down Local Trains near Kakur-gachi station (B. A. Railway), on 1st October 1946.
20. Collision between 1-Down Mail and the engine of 424-Up Goods train at Ongole station (M. & S. M. Railway), on 4th October 1946.
21. Fire on 2-Up Mail between Jalgaon and Shirsolli stations (G. I. P. Railway), on 29th October 1946.
22. Collision between 3-Down Mail and 1-Up R. M. R. at Delhi station (N. W. Railway), on 6th November 1946.
23. Derailment of 639-Up between Doomdoomiagaon and Dhing Bazar stations (B. A. Railway), on 14th November 1946.
24. Injuries to passengers on 48-Up (Deccan Queen) due to being struck by an insecurely hooked door of a wagon of a Down Ballast train, near Tunnel No. 13, between Palasdhari and Thakurwadi station (G. I. P. Railway), on 18th October 1946.
25. Injuries to the crew of 19-Down Express train between Narainpur Tatwara and Gangapur City stations (B., B. and C. I. Railway), on 22nd October 1946.

**Shri Sri Prakasa:** Is there any truth in the rumour that has been afloat since this unfortunate accident at Bhatni that the whole staff went a dancing that night when this accident took place?

**Sir Harold Shoobert:** That rumour has not come to the notice of the Government of India.

#### LICENCES FOR RUNNING PASSENGER MOTOR BUSES IN CENTRALLY ADMINISTERED AREAS

**672. \*Shri Sri Prakasa:** Will the Honourable Member for Transport be pleased to state:

(a) the conditions under which licences are granted to individuals and companies to run motor buses for passenger and goods traffic in the centrally administered areas; and

(b) if any attempt is made to discourage any monopoly in this trade?

**The Honourable Dr. John Matthai:** (a) The conditions under which permits are granted to individuals and companies to run transport vehicles for passenger and goods traffic will be found in Chapter IV of the Motor Vehicles Act, 1939.

(b) I would invite the Honourable Member's attention to the replies given on the 28th October 1946, to question No. 3, by Sardar Mangal Singh and to the supplementaries to question No. 9 by Mr. Sasanka Sekhar Sanyal. The Government of India do not favour the grant of private monopolies in road transport and are not prepared to acquiesce in the grant of such monopolies in Centrally Administered Areas. They are however prepared to accept the Policy of Provincial Governments in regard to granting monopolies on certain routes and over certain types of traffic to tripartite road-rail companies or Provincial road transport undertakings.

**Shri Sri Prakasa:** In view of the fact that the Honourable Member earlier this morning himself stated that a particular company—I believe it is called G. N. I. T.—enjoys the monopoly of transport in Delhi, how is he able to reconcile that fact to what he has just stated, namely that Government do not intend to have any monopoly whatsoever?

**The Honourable Dr. John Matthai:** The position of that company is under active review by Government.

**Shri Sri Prakasa:** May I know what exactly was the Honourable Member's answer to part (a) of the question regarding the release of these motor buses for transport of goods on the O. T. Railway?

**The Honourable Dr. John Matthai:** That question is governed by the provisions in Chapter of the Motor Vehicles Act, 1939.

**Shri Sri Prakasa:** As these motor buses are lying idle for years now, would not the Honourable Member see his way to do something either to rescind that particular section to which he refers or to do something reasonable and in keeping with commonsense?

**The Honourable Dr. John Matthai:** The Honourable Member will have an opportunity of raising this issue when the Bill for amending this Act comes up for consideration.

#### UTILISATION OF LORRIES PURCHASED BY O. T. RAILWAY FOR TRANSPORT OF GOODS

\* 673. **Shri Sri Prakasa:** Will the Honourable Member for Transport be pleased to state:

(a) whether the Oudh and Tirhut Railway has a large number of lorries which were purchased to be put on the road, but which are lying idle awaiting orders of the Government of India;

(b) what Government propose to do with these lorries;

(c) whether Government propose to permit the Oudh and Tirhut Railway to utilise these lorries for transport of goods if they are not to be used for passenger traffic;

(d) when Government propose to put their scheme for road transport into operation; and

(e) the number of lorries all over India lying idle at the present moment awaiting the materialisation of the scheme? .

**The Honourable Dr. John Matthai:** (a) The O. T. Railway have 174 passenger buses and 52 chassis on hand. These vehicles were purchased for the road transport companies proposed to be formed in the United Provinces in accordance with the road-rail co-ordination, scheme outlined in the White Paper placed on the table of this House on 21st January 1946. They could not be placed on the road as the demand for funds for investment by railways in road undertakings was turned down by this House in February 1946.

(b) It is proposed to utilize the vehicles as soon as the motor transport re-organisation scheme is finalized in the United Provinces.

(c) The vehicles are intended for passenger traffic and are not suitable for the transport of goods.

(d) The matter depends upon the attitude of the Provincial Governments and the time they take in finalising their schemes.

(e) 407 passenger buses and 104 chassis.

### (b) WRITTEN ANSWERS

#### REDUCTION OF PRICE OF POST CARD

**674. \*Pandit Sri Krishna Dutt Paliwal:** Will the Secretary of the Communications Department be pleased to state:

(a) whether Government propose to reduce the price of post card to three pies and that of envelopes to six pies; and

(b) the steps Government have taken or propose to take for the transmission of press telegrams in Hindustani as easy and practicable as in English?

**Sir Harold Shoobert:** (a) No.

(b) Due to practical difficulties the Government is unable at present to make any change.

#### ADULTERATION OF GHEE WITH VANASPATI

**675. \*Shri D. P. Karmarkar:** Will the Secretary of the Food Department be pleased to state:

(a) whether the attention of Government has been drawn to a news-item in *the Hindustan Times*, dated 10th February 47 regarding the adulteration of ghee with Vanaspati;

(b) whether it is a fact as suggested in the news-item that the Government of India have decided, that a minimum of 5 per cent. of sesame oil shall be added to Vanaspati during its manufacture to facilitate detection in adulterated ghee;

(c) whether it is a fact that Government have decided that pending a decision on the nutritional value of Vanaspati, no further expansion of the industry should take place; and

(d) whether Government propose to cancel the licenses already issued to those who have not yet secured the machinery required for its manufacture?

**Mr. K. L. Panjabi:** (a) Yes, Sir.

(b) Yes, Sir.

(c) Government have decided that they will not for the present assist the construction of new factories. The future policy of Government in this matter is under consideration.

(d) There is only one party which has not placed orders for the plant. The licence approved for this party is being reviewed.

#### SALARIES OF POSTAL EMPLOYEES FOR STRIKE PERIOD

**676. \*Mr. Sasanka Sekhar Sanyal:** With reference to the reply to starred question No. 17 of the 3rd February, 1947, relating to the withholding of salaries of postal strikers for the period of their absence, will the Secretary of the Communications Department be pleased to state:

(a) whether Government are satisfied that in respect of the period during which postal employees were on strike they were given the dearness and other allowances and compensatory allowances, and other benefits;

(b) whether Government are aware that sometime ago the Director-General of Posts and Telegraphs issued orders to the effect that the absence from duty (referring to strike period) would affect the employees' increments, pensions and accumulated leave;

(c) whether Government are aware that such orders are contrary to Sir Eric Conran-Smith's announcement that such absence would not involve break in the service;

(d) whether Government are aware that many employees who have signed a declaration, that they were not on strike, even though they had been on strike, have been allowed pay in respect of the strike period;

(e) whether the attention of the Government has been drawn to the statement, dated the 4th of August, 1946 made by Moulana Abul Kalam Azad, and other distinguished leaders in which they appealed to the strikers to call off the strike and assured them that they would see that the Postal employees were compensated for the strike period; and

(f) whether Government propose to reconsider the whole question?

**Sir Harold Shoobert:** (a) Clear instructions were issued that all compensatory allowances, payable during leave on loss of pay, should be granted to the employees who went on strike. Government are not aware of any cases in which these instructions have not been followed. Dearness allowance is not payable during such leave.

(b) Yes.

(c) No.

(d) Government have no information which would indicate that the fact is as stated.

(e) The attention of Government has been drawn to certain reports in the press alleging that statements to this effect were made.

(f) Representations upon the subject which have been received are receiving consideration.

#### OFFER OF SALE OF NEPAL PADDY TO GOVERNMENT OF INDIA

**677. \*Mr. Madandhari Singh:** (a) Will the Secretary of the Food Department be pleased to state whether it is a fact that His Highness the Maharaja of Nepal offered Nepal paddy for sale to the Government of India?

(b) What steps are being taken to procure paddy from Nepal?

(c) Is there any person authorised for procurement?

(d) What is the agreement between the Government of India and the Nepal Government regarding the procurement?

**Mr. K. L. Panjabi:** (a) and (b). The Government of Nepal enquired whether the Government of India wished to obtain Nepal paddy by making part payment in cloth as was done by the Bihar Government last year and, if so, they suggested that the transaction should be conducted on a Government to Government basis. The Government of India came to the conclusion that purchase of paddy on a barter basis should not be continued this season: among other results it would have repercussions on the procurement of paddy produced on the Indian side of the border. There is a surplus of paddy in the Nepal Terai bordering the provinces of U. P. and Bihar and to collect this surplus the Provincial Governments have set up their own purchasing arrangements at convenient centres.

(c) Under the system of purchase described above there is no need for an agent for procurement.

(d) There is no specific agreement between the Government of India and the Government of Nepal regarding the procurement of paddy.

## TELEPHONE CONNECTION IN CALCUTTA, BOMBAY, MADRAS AND DELHI

678. \*Mr. Ahmed E. H. Jaffer: Will the Secretary of the Communications Department be pleased to give the following figures in connection with telephone connections in the cities of Calcutta, Bombay, Madras and Delhi:

(a) the total number of instruments and lines, direct and extension, installed between 1st February 1946 to 31st January 1947;

(b) the percentage thereof allotted to private parties and Government establishments;

(c) the percentage of the private connections that have been allotted to Mussalmans; and

(d) the machinery that Government propose to set up in these and other places to ensure that an equitable distribution of telephones is made on the basis of the applications received therefor?

Sir Harold Shoobert: (a) and (b). The information required by the Honourable Member is given in a statement which I lay on the table of the House.

(c) The names of the Communities to which the subscribers belong are not entered in the Posts & Telegraphs records and hence the information asked for by the Honourable Member cannot be given.

(d) The matter is engaging the attention of Government.

## Statement.

Serial No.	Names of station	Total number of instruments and lines, direct and extensions installed between 1st Feb. 1946 & 31st Jan. 1947	Percentage of connections given to	
			Private parties	Government Establishments
1	Calcutta . . . . .	3,694	73	27
2	Bombay . . . . .	2,619	67	33
3	Madras . . . . .	669	55	45
4	Delhi . . . . .	1378	14	86

## REGISTRATION WORK OF MOTOR VEHICLES BY AREA RATIONING AUTHORITY IN AJMER-MERWARA

679. \*Pandit Mukut Bihari Lal Bhargava: (a) Will the Honourable Member for Transport be pleased to state whether the Area Rationing Authority in Ajmer-Merwara has also been entrusted with the work of Motor Vehicles registration, which work was formerly under Deputy Superintendent of Police, in-charge of Traffic Control?

(b) Are Government aware that the Area Rationing Authority, without the work of Motor Vehicles Registration, will be left with little work and the post will become practically redundant?

(c) Do Government propose to consider the advisability of re-transferring the Motor Vehicles Registration work to the Police Department, and to make alternative and less expensive arrangements for the discharge of the diminished duties of the Area Rationing Authority in Ajmer-Merwara?

**The Honourable Dr. John Matthai:** (a) Yes.

(b) No, Sir. The Area Rationing Authority is not only doing the work of petrol rationing and motor licensing and registration, but is also Deputy Provincial Motor Transport Controller and Secretary to the Provincial Transport Authority and performs the duties required by the administration of the Spare Parts Control Order.

(c) No. The normal duties of the Police are heavy and the duties performed by the Area Rationing Authority mentioned in the reply to part (b) above require the services of a full time officer. It is also the policy of Government to concentrate all work relating to motor transport under a separate Transport Authority. Motor vehicle registration is not the normal function of the Police. The Government of India are satisfied that the existing arrangements are the best possible, particularly in view of the growing importance of road transport in this country.

#### TRANSFER OF MUSLIMS IN THE RAILWAY CLEARING ACCOUNTS OFFICE

**680. \*Seth Yusuf Abdoola Haroon:** Will the Honourable Member for Railways please state:

(a) the number of Muslims transferred from Administration, Personnel, Establishment Accounts, Food Accounts, Efficiency and Food sections of the Railway Clearing Accounts Office, to other sections of that office or other offices since November 1945 to date;

(b) the number of non-Muslims who were transferred to the sections mentioned above since November, '45 to date; and

(c) the reasons why the Muslims mentioned in (a) above were not replaced by Muslims?

**The Honourable Dr. John Matthai:** (a) and (b). Information in respect of the period November 1945 to 7th March 1946 is not available due to the destruction of records of the Railway Clearing Accounts Office by fire. As regards the subsequent period, I lay on the table of the House a statement giving the number of persons, Muslims as well as non-Muslims, transferred from and to the sections referred to.

(c) Transfers from section to section of an office are not based on communal considerations.

#### Statement

Staff transferred from Administration, Personnel, Efficiency, Establishment Accounts, Food and Food Accounts Sections of the Railway Clearing Accounts Office during the period from 8th March 1946 to February 1947 :—

Community.	Number.
Muslims ... ..	20
Non-Muslims ... ..	65
Staff transferred to the above-noted sections during the above period :—	
Muslims ... ..	15
Non-Muslims ... ..	62

#### DIRECT RECRUITMENT OF TICKET COLLECTORS ON N. W. RAILWAY

**681. \*Seth Sukhdev:** With reference to the reply to starred question No. 280) asked on the 12th February 1947, regarding direct recruitment of Ticket Collectors or Special Ticket Examiners on the North Western Railway, will the Honourable Member for Railways be pleased to state:

(a) whether Government are aware that direct recruitment in intermediate grades is designed to afford chances to minority communities to have representation in higher posts;

(b) whether Government are aware that Grade II posts of Ticket Collectors and Special Ticket Examiners lie in the normal channel of promotion of grade I Ticket Collectors;

(c) whether Government are aware that in making adjustments in shortage of direct recruitment, the balance of deficiency is carried over for one year only;

(d) the reasons for carrying over the deficiency in direct recruitment from the 1st January, 1944 till 1946-47 instead of for one year only;

(e) whether Government are aware that this direct recruitment has caused suppression of the existing staff who have long terms of service and have continued to work in grade II for years; and

(f) whether it is proposed to make adjustments accordingly; if not, why not?

**The Honourable Dr. John Matthal:** (a) Direct recruitment to intermediate grades is not designed to give members of minority communities chances of being represented in higher posts but is intended to allow a small proportion of young men of all communities and possessing superior qualifications an opportunity of entering service with chances of more rapid advancement to supervisory posts than those with inferior qualifications who enter the service in the lower grades.

(b) Yes.

(c) The limit of one year referred to by the Honourable Member applies only to deficiencies in the direct recruitment of members of minority communities, and not to deficiencies in the permissible number of persons to be appointed direct to intermediate grades.

(d) Does not arise in view of the reply to part (c).

(e) The Honourable Member is apparently referring to recruitment to intermediate grades in 1946-47. If so, it must not be overlooked that during the years 1944 and 1945 Grade I Ticket Collectors obtained by promotion a larger proportion of the vacancies in Grade II, due to the shortage of direct recruitment to Grade II, in those years. Government, therefore, do not consider that the direct recruitment in 1946-47 referred to has resulted in any supersessions.

(f) This question does not arise in view of the reply to part (e).

#### PROPOSAL OF DR MEGHNAD SAHA FOR THE DEVELOPEMENT OF ASTRONOMY

**682. \*Mr. Madandhari Singh:** (a) Will the Secretary of the Communications Department be pleased to state what are the proposals of Dr. Meghnad Saha of the Calcutta University, regarding the development of Astronomy?

(b) Do Government propose to accept all the suggestions made by the Committee?

(c) If not, what are the proposals which Government are going to accept?

(d) When will these proposals materialise?

**Sir Harold Shoobert:** (a) Perhaps the Honourable Member is referring to the report on the Post-war development of Astronomy and Astrophysics in India submitted by the Committee, of which Professor Saha was the Chairman. A copy of the report has been placed in the Library of the House.

(b) The report is under the consideration of the Government of India. It is proposed to make a beginning next year with some expansion of Kodaikanal observatory.

(c) and (d). Do not arise in view of the reply to (b).

## OVERCROWDING OF TRAINS ON O. T. RAILWAY

683. \*Mr. Madandhari Singh: (a) Will the Honourable Member for Railways be pleased to state whether Government are aware that almost all trains on the Oudh and Tirhut Railway are over-crowded?

(b) If so, what steps Government propose to take to relieve the congestion in trains?

**The Honourable Dr. John Matthai:** (a) and (b). Due to acute shortage of rolling stock, the O. T. Railway are unable to meet in full the greatly increased public demand for passenger accommodation. The most recent statistics reveal an increase of over 70 per cent. in passenger traffic compared with 1938-39. The Railway is utilising to their fullest, all available resources, and has reintroduced or extended a total of 86 trains since the war ended. The present passenger train mileage amounts to 86 per cent. of the prewar. Every effort is being made to obtain more coaching stock, and as this becomes available, passenger train services will be progressively increased. Some relief is expected in the near future from the Provincial Government's scheme for co-ordinated rail-road services.

## INCONVENIENCE TO PUBLIC OF WALTAIR AND VIZAGAPATAM BY THE PROPOSED DIVERSION OF TRAINS BETWEEN KOTTAPARLEN AND SINHACHELAN NORTH

684. \*Prof. N. G. Ranga: Will the Honourable Member for Railways be pleased to state:

(a) whether Government propose to utilize for civilian traffic the diversion of the Railway line constructed during the war for military purposes between Kottaparlen on the Madras and Southern Mahratta Railway and Sinhachelan North of the Bengal Nagpur Railway for the purpose of saving running time for a distance of 8 miles;

(b) whether Government are aware of the inconvenience that will be caused to the population of Vizagapatam and Waltair numbering 175,000 by such a diversion of the route of Mail and Passenger Trains between Calcutta and Madras, and Puri and Madras respectively;

(c) the amount that will have to be spent on the necessary water sheds, staff-quarters, passenger conveniences, etc., at the new stations;

(d) whether Government are aware of the inconvenience that will be caused to the existing staff by this diversion of traffic; and

(e) whether Government propose to reconsider their plans in consultation with the local public and the Standing Railway Finance Committee and see that no inconvenience is caused to the public of Waltair and Vizagapatam and that no new expenditure is incurred by such a diversion?

**The Honourable Dr. John Matthai:** (a) and (b). The Honourable Member is referred to the reply given to starred question No. 289 asked by the Honourable Sri N. Narayanamurthi on the 6th November 1946.

(c) Government have no information.

(d) No.

(e) The views of all interested parties will be given the most careful consideration before a decision is taken; the Standing Finance Committee will also be consulted if the cost of the work is such as to require this to be done under the rules. New expenditure is sanctioned only when a proposal is considered to be justified.

## RESTORATION OF PASSENGER TRAINS AFTER THE WAR

**685. \*Sri A. K. Menon:** (a) Will the Honourable Member for Railways be pleased to state the number of passenger trains restored on each of the railway lines under Government management after the conclusion of the war?

(b) When will all the passenger trains that existed before the war be restored?

**The Honourable Dr. John Matthai:** (a) The number of passenger trains restored or extended on Indian Government Railways since the conclusion of the war up to the 1st February, 1947, is:

B. A.	285
B. N.	27
E. I.	140
B. B. & C. I.	94
G. I. P.	83
O. T.	86
N. W.	88
M. & S. M.	76
S. I.	152
	Total
	986

(b) The restoration of passenger train services to the pre-war level will depend, to a large extent, on the speed with which coaching stock on loan to the Defence Department is returned to Railways. On the 31st January, 1947, there were still 711 Broad Gauge Bogie and 46 Four-wheeled carriages on loan to the Defence Department and heavy movements of Military personnel still continue; it is not possible therefore to say at present when Railways will be able to restore fully train services to those prevailing before the war.

Railway administrations are fully alive to the necessity for increasing train services and they will continue to put on extra trains as and when the requisite coaching stock becomes available.

## FIXATION OF PRICE OF FOODGRAINS

**686. \*Mr. G. B. Dani:** Will the Secretary of the Food Department be pleased to state:

(a) Whether the Provincial or Central Government fixes the prices of food-grains, and

(b) whether in fixing the prices of food grains Government take into consideration the actual expenditure incurred and income made by cultivators per acre; if so, whether Government propose to state the production, expenditure and net income, per acre Province-wise of rice, and wheat?

**\*Mr. K. L. Panjabi:** (a) The attention of the Honourable Member is invited to the reply given by me to Starred Question No. 228 by Prof. N. G. Ranga on the 12th February, 1947.

(b) Adequate information about the actual expenditure incurred and income made by cultivators per acre is not available and does not therefore, form the basis of price fixation. In reaching its decisions the Government of India is advised by the Price Advisory Committee and takes into consideration the following factors: (i) the maintenance of production involving a fair price to the producer, (ii) the cost to the consumer, (iii) the size of the crop, (iv) current market prices, (v) the general price level of other commodities, and (vi) price level in neighbouring regions.

RECONSIDERATION OF PROPOSED ACQUISITION OF LAND FOR AGRICULTURAL COLLEGE NEAR NANGLOI, DELHI PROVINCE

**687. \*Lala Deshbandhu Gupta:** (a) Will the Secretary of the Department of Agriculture be pleased to state whether government have received a representation from Mr. Krishna Nair requesting that Government's decision to acquire land belonging to several villages for the opening of an Agricultural College near Nangloi in Delhi Province be reconsidered and suggesting several other alternative sites which could be acquired for the purpose?

(b) If so, what action has been taken by Government on the same?

**Sir Pheroze Kharegat:** (a) Yes.

(b) The question of acquiring alternative sites is at present under consideration.

RAILWAY LINE FROM BOBBILI TO SALUR

**688. \*Prof. N. G. Ranga:** Will the Honourable Member for Railways be pleased to state:

(a) whether the Branch Railway line from Bobbili to Salur has been dismantled and if so, when and why;

(b) whether the said Railway was not a paying one before it was dismantled;

(c) whether the said Railway is the main means of communication available for the transport of (i) Jeypore Agency products, and (ii) the Commodities of the main markets of Vizagapatam, Parvathipur, Bobbili and Vizagapatam;

(d) whether the local people have represented for the reconstruction of this Railway;

(e) whether the said reconstruction has been included in the Post war development scheme recently approved by the Railway Finance Committee; and

(f) if the reply to part (e) above is in the negative, whether Government propose to include the reconstruction of this Railway in their next year's plans?

**The Honourable Dr. John Matthai:** (a) Yes, Sir. The Branch line from Bobbili to Salur was dismantled in January 1942 to meet urgent military demands for track materials.

(b) The Branch line was not commercially remunerative at the time of dismantlement.

(c) No. The railway line between Bobbili and Salur before it was dismantled, was not the only means of communication for transport of produce from various markets mentioned by the Honourable Member. The area is still served by good metalled roads.

(d) Government have received a public representation for the restoration of this line.

(e) Yes, Sir. The restoration of Bobbili-Salur line is now being investigated as a part of the larger project linking the Central Provinces with the East Coast line via Bastar and Jeypore States. It is difficult at this stage to say what route will be adopted finally, as there are more than one alternative routes under consideration. The present position in regard to Bobbili-Salur line is that its restoration is considered definitely un-remunerative and can only be undertaken as part of the larger project. If the final alignment of the proposed project designed to connect the Central Provinces with the Port of Vizagapatam does not lie via Salur and Bobbili, then the restoration of this Branch line will have to depend on its own merits, a question which has been referred to the Madras Government.

(f) Does not arise.

**COMPLAINT BY BEHARI LAL BANSI DHAR OF DELHI AGAINST PRODUCERS OF VEGETABLE OIL PRODUCTS**

**689. \*Babu Ram Narayan Singh:** (a) Will the Secretary of the Food Department be pleased to state whether a complaint in writing has been submitted by Behari Lal Bansi Dhar of Delhi to the Honourable Member for Food, against the producers of the vegetable oil products and their agents and distributors for selling vegetable oil product to the public, at higher rates than allowed by Government, and if so, with what result?

(b) Are Government aware that before submitting the written complaint mentioned in part (a) above, the said Behari Lal Bansi Dhar has twice approached the Assistant Controller of Vegetable Oil Products for India and discussed with him the various irregularities and illegalities resorted to by parties mentioned in part (a) above?

(c) If so, have any steps been taken or are proposed to be taken to remove the causes for complaints referred to in part (a) above?

**Mr. K. L. Panjabi:** (a) Yes. The subject of the complaint that manufacturers are themselves doing wholesale and retail distribution was referred to the Vanaspati Manufacturers' Association, who have recommended that this may be allowed up to 20 per cent. of the total production. This recommendation will be considered by Government.

(b) and (c). Yes. There were four references in the complaint all of which were investigated. Two were found to be without foundation and the other two are under examination.

**690. \* [Withdrawn.]**

**REQUISITIONING OF LAND FOR THE PROPOSED AGRA CENTRAL STATION**

**691. \*Sjt. Seth Damodar Swroop:** Will the Honourable Member for Railways be pleased to state:

(a) whether Government are aware that the United Provinces Government have notified that in the city of Agra the area bounded on the north by Lohamandi Road, on the south by Shahganj Road, on the east by Balka Basti Road and on the west by Aruttary Road be requisitioned under Section 4 of the land Acquisition Act as needed for the construction of a Central Railway Station at Agra;

(b) whether Government are aware that the area mentioned above comprises some of the most thickly populated parts of localities embracing therein a number of temples and mosques besides the houses of the poor and rich ranging from the ordinary dwellings to the palatial buildings affecting some 50,000 persons who would thereby be rendered homeless; and

(c) if so, whether Government propose to consider the advisability of abandoning the above mentioned site in favour of an alternative scheme of expanding the present Cantonment Station up to the metergauge bridge of the Idgah Station and the overbridge of the Great Indian Peninsula Railway?

**The Honourable Dr. John Matthai:** (a) Yes, the land boundaries as detailed were recommended by a sub-committee consisting of officials and M.L.A.s of both Provincial and Central Legislatures appointed by the Government of U. P. to consider plans for the town development of Agra including the site for the new Central Station to serve the three railways concerned.

(b) No, Sir. The Sub-Committee has stated that this is in every way the most central and accessible site available. It is practically unencumbered by buildings and offers the maximum space which the railway experts demand. Among larger structures its acquisition will entail merely the removal of an old-fashioned, inadequate and ill-placed slaughter house, the demolition of an Infectious Diseases Hospital which has already been condemned by the Public Health authorities and the surrender of the residential block of Government Training College which could be more conveniently rebuilt nearer its parent unit.

(c) The Honourable Member's attention is invited to my predecessor's reply on the 28th October, 1946 to question No. 3 by Pandit Sri Krishna Dutt Paliwal. All relevant factors, including the suggestion of my Honourable friend, will be carefully considered before the Government of India sanction any project for a Central Station at Agra.

#### REDUCTION OF WORKING HOURS AND DEFICIENCY OF CLOTH.

692. \*Sjt. Seth Damodar Swroop: Will the Honourable Member for Industries and Supplies be pleased to state:

- (a) the steps taken by Government so far to meet the shortage of cloth;
- (b) the steps that have been taken to make up the deficiency in cloth production brought about by the reduction of working hours; and
- (c) whether Government propose to take steps (i) to check the tendency of the mill owners to produce finer counts thereby reducing the production of standard cloth, (ii) to evolve a system for controlling the qualities of cloth produced by a mill and (iii) to change present method of distribution?

**The Honourable Sri C. Rajagopalachari:** The attention of the Honourable Member is invited to the reply given by me on the 17th February 1947 to Question No. 340 asked by Shri D. P. Karmarkar which dealt with all these points and which I need not repeat.

#### PRICES OF GROUNDNUT AND OTHER OIL CAKES IN MADRAS PROVINCE

693. \*Prof. N. G. Ranga: Will the Secretary of the Department of Agriculture be pleased to state:

- (a) whether Government are aware that the present prices of groundnut cake and other oil cakes which are being used as manure and cattle-food are too high for the majority of peasants in the Madras Province; and
- (b) whether Government propose to consider the question of subsidising the sale and distribution of cake in order to encourage its use by the peasants in the "Grow More Food" campaign?

**Sir Pheroze Kharegat:** (a) The wholesale price of groundnut cake in the Madras Presidency on 8th February 1947 was between Rs. 3 to Rs. 4 per maund in the producing areas.

(b) Provincial Schemes for the supply of oilcake as manure and cattlefeed are eligible for assistance from the Centre out of the Grow More Food funds on the usual conditions. The Government of India sanctioned a grant of Rs. 18,33,000 in the current year to Madras for the free distribution of 28,200 tons of groundnut cake in certain areas in addition to Rs. 4,37,500 for its subsidised distribution in other areas.

#### RECONSTRUCTION OF COCANADA AND KOTIPALLE RAILWAY LINE

694. \*Prof. N. G. Ranga: Will the Honourable Member for Railways be pleased to state:

- (a) whether it is a fact that the Cocanada and Kotipalle Railway line was dismantled during the war for war purpose; if so, when;
- (b) whether Government are aware that Kotipalle is a great pilgrimage centre and that this Railway line used to be the main means for transport of cocount and paddy which are the most important products of the place; and
- (c) whether Government propose to reconstruct it in the near future?

**The Honourable Dr. John Matthai:** (a) Yes, Sir, During November 1940.

(b) Government have no information. The Cocanada-Kotipalli Branch line worked at a loss between 1935 and 1940 and as the area was well served by good roads, it was decided to close it down.

(c) There is no proposal at present to restore this branch line. The Provincial Government have not so far recommended its restoration.

## PRICE OF PADDY IN 1939 IN BENGAL, ASSAM AND MADRAS

695. \*Sri V. Gangaraju: Will the Secretary of the Food Department be pleased to state:

(a) the price of paddy in 1939 in the Bengal, Assam and Madras Provinces;

(b) the present paddy prices in these provinces;

(c) the percentage of rise in paddy prices in the Bengal, Bihar and Madras Provinces;

(d) whether Government are aware that the percentage of rise in the price of paddy in the Madras Province is lower than that in other Provinces; and

(e) whether it is a fact that the Government of Madras have sought the permission of the Government of India to increase paddy prices in the Madras Province; if so, what was the reply of the Government of India to the Madras Government?

Mr. K. L. Panjabi: (a) to (c). A statement is laid on the table of the House.

(d) Yes, Sir.

(e) The attention of the Honourable Member is invited to the reply given by me to Question No. 228 asked by Prof. N. G. Ranga on the 12th February, 1947.

Statement showing the present statutory maximum or ceiling prices of paddy for sale by producers as compared with August, 1939 prices and the percentage of increase over August 1939 prices.

(In Rupees per Bengal Mound).

Province	Centre	Price during August 1939	Present statutory or ceiling maximum price	Percentage of increase over August 1939	Remarks
Madras	Bezwada	2 5 7	5 2 6	120.0	
	Kumakonam	2 4 10	5 1 0	181.9	
Bengal	Burdwan	2 6 0	6 8 0	173.7	
Bihar	Jainagar	2 2 0	6 0 0	182.8	
	Kishanganj	2 4 0	6 0 0	166.6	
Assam	Gauhati	1 14 0*	6 4 0	233.3	* Harvest prices during 1938-93
	Dibrugarh	2 0 0*	6 7 0	221.9	

## SHORTAGE OF POSTCARDS IN RAIPUR DURING DECEMBER, 1946.

696. \*Mr. G. B. Dani: Will the Secretary of the Communications Department be pleased to state:

(a) whether Government are aware of the fact that post cards were not available in many Post Offices, especially in Raipur during the month of December 1946; and

(b) if so, the reasons for this shortage?

Sir Harold Shoobert: (a) Presumably the Honourable Member's question refers to the Central Postal Circle. There was no shortage of postcards in Raipur during the month of December, 1946. Postcards were not available at Ajmer between 7th and 12th December, at Jubbulpore between 15th and 31st December, and at Katni, Rewa and Satna post offices for the whole month of December 1946.

(b) The reasons for the shortages are reported to be delay on the part of the Treasuries in surcharging the old nine pie postcards to half anna with rubber stamps.

## UNSTARRED QUESTIONS AND ANSWERS

### RULE REGARDING THE SUPPLY OF COPIES OF STATEMENTS TO ACCUSED PERSONS IN RAILWAY DEPARTMENTAL ENQUIRY.

**67. Seth Sukhdev:** Will the Honourable Member for Railways be pleased to state:

(a) whether any provision exists in the disciplinary rules for railwaymen, to enable supply of copies of statements to the accused person in case of a departmental enquiry; if not whether there is any proposal to make such a rule now;

(b) whether Government are aware that the Railway Board have forbidden supply of copies of statements taken at a departmental enquiry; if so, under what rule or for what reasons; and

(c) whether there are any arrangements to allow the accused person to have sufficient recorded facts in his possession, to enable him to put up his defence; if not, whether any steps are being taken to achieve this end?

**The Honourable Dr. John Matthai:** (a) Presumably the Honourable Member is referring to the Discipline and Appeal Rules for non-gazetted railway servants contained in Chapter XVII of the State Railway Establishment Code, Volume I, and to the Departmental enquiries contemplated in Rules 1707 and 1709 thereof. If so, the reply to both parts is in the negative.

(b) In April 1946, the Railway Board issued instructions in connection with the procedure to be followed after an enquiry had been held in terms of Rules 1730 and 1707 of the State Railway Establishment Code, Volume I. These instructions were to the effect that after the punishing authority had arrived at a provisional conclusion in regard to the penalty to be imposed, the accused railway servant should, if the penalty proposed was dismissal, removal or reduction in rank, be afforded an opportunity of showing cause why the particular penalty proposed should not be inflicted. It was considered that if copies of the evidence recorded at the enquiry were supplied to non-gazetted staff, it would, on account of their large number, entail a large expenditure of time and labour which would only result in delay in the final disposal of disciplinary cases, tending to increase the existing difficulties in the maintenance of discipline.

(c) In accordance with the rules on the subject, an employee guilty of an offence meriting dismissal or removal is served with a charge-sheet detailing the charge or charges against him and is required to submit a written explanation by a fixed date. In the case of dismissal, a departmental enquiry is invariably held at which the railway servant appears in person accompanied, if he so desires, by another railway servant. The accused is also given all reasonable facilities for the conduct of his defence including the cross-examination of witnesses. In the case of removal from service of an employee who has completed seven years' service, the procedure is the same as for dismissal except that the officer competent to pass the order of removal may dispense with the departmental enquiry. In that event, however, if the railway servant asks to be heard in person, he shall be given a personal interview at which he may be accompanied by another railway servant. In these cases and also in the case of reduction, before the orders of punishment are actually issued, the accused person is given a further opportunity of showing cause why the particular punishment proposed should not be inflicted on him. In view of these opportunities given to a railway servant to defend himself, Government do not consider any further steps necessary.

### SUPPLY OF WHITE UNIFORMS TO EMPLOYEES ON N. W. RAILWAY

**68. Seth Sukhdev:** Will the Honourable Member for Railways be pleased to state:

(a) whether Government are aware that white uniforms are supplied to some employees on the North Western Railway;

(b) what is the maximum supply of such white uniforms per season;

(c) whether Government are aware that these uniforms are insufficient to ensure neat and tidy dress on duty;

(d) whether Government are aware that there is demand for Khaki uniforms; and

(e) whether Government propose to substitute Khaki for white uniforms; if not, why not and what steps do Government propose to take to supply cloth for supplementing white uniforms by the employees at their own expenses?

**The Honourable Dr. John Matthai:** (a) Yes.

(b) Government are informed that the rate of supply is two sets of uniforms for each summer season.

(c) Government do not consider that the number of uniforms supplied is insufficient.

(d) and (e). Government are informed that there has been no demand by the staff for khaki uniforms but that the Railway Administration intend, as an experimental measure, to substitute khaki for white uniforms for Guards working in the Lahore Division, during the ensuing summer season. As regards the concluding portion of part (e) the question does not arise in view of the reply to part (c).

#### PERMANENT WAY INSPECTORS AND APPRENTICES ON N. W. RAILWAY

**69. Seth Sukhdev:** Will the Honourable Member for Railways be pleased to state:

(a) the number of posts on the North Western Railway, on the 31st December 1946 of (i) Permanent Way Inspectors, (ii) Permanent Way Apprentices, and (iii) Assistant Way Inspectors,

(b) the number of Assistant Way Inspectors who have qualified in Permanent Way Inspectors duties on or before this date;

(c) since how long are the qualified Assistant Way Inspectors in Permanent Way Inspectors duties blocked in their grade for chances of promotion; and

(d) whether any steps are proposed to be taken by Government to remove the blockade in promotion of qualified Assistant Way Inspectors; if not, why not?

**The Honourable Dr. John Matthai:** (a) The required information is as follows:

Category	Number of post	
	Permanent	Temporary
(i) Permanent Way Inspectors	118	7
(ii) Permanent Way Apprentices	8	
(iii) Assistant Way Inspectors	214	12

(b) to (d). Information is being collected and a reply will be laid on the table of the House in due course.

## COMMERCIAL INSPECTORS ON N. W. RAILWAY

**70. Seth Sukhdev:** Will the Honourable Member for Railways be pleased to state:

(a) the date on which the posts of Commercial Inspectors were created, on the North Western Railway;

(b) the number of persons appointed as Commercial Inspectors either permanently or in officiating capacity, with dates of their taking over charge;

(c) the number of Inspectors out of the list referred to in part (b) above who are qualified in course P-15; whether those who are not qualified in this course are being reverted; if so, when; if not, why not; and

(d) the steps Government propose to take to ensure that only qualified persons are appointed to such jobs as Commercial Inspectors?

**The Honourable Dr. John Matthai:** (a) 2nd January, 1945.

(b) 21, twelve of whom were appointed on the 2nd January 1945. The dates of taking over charge in the case of the remainder are as follows: 4th January 1945, 1st February 1945, 21st March 1945, 24th May 1945, 25th July 1945, 3rd June 1946, 1st July 1946, 12th July 1946, 3rd March 1946.

(c) Of the 21 persons mentioned in the reply to part (b) above, only eleven are at present employed as Commercial Inspectors and of these five have qualified in Course P-15. As regards the latter portion of the question, I would invite the Honourable Member's attention to the reply to part (e) of his unstarred question No. 24 asked on the 31st October 1946. In view of the position as stated therein, the question of reversion of the remaining six does not arise.

(d) No special steps are necessary as it has already been prescribed by the Railway Administration that only those who have qualified in the Commercial Course at the Walton Training School and have been selected by a properly constituted selection board will be appointed as Commercial Inspectors.

## COMMUNAL DISCRIMINATION IN PROMOTIONS ON RAILWAYS

**71. Seth Sukhdev:** Will the Honourable Member for Railways please state:

(a) whether Government are aware that communal ratio is observed only in posts filled by direct recruitment;

(b) whether Government are aware that a Selection Board for such recruitment is to include a representative of the minority community;

(c) whether Government are aware that no communal reservations are made in posts filled by promotion; if so, why Selection Boards for promotion-posts are desired to have a representative of minority communities and whether it is proposed to discontinue the practice; and

(d) if the reply to last portion of part (c) be in the negative, why this communal discrimination is sought to be observed in promotions also?

**The Honourable Dr. John Matthai:** (a) and (b). The reply is in the affirmative.

(c) The reply to the first portion is in the affirmative. As regards the latter portion, the Officer placed on Special Duty in 1939 to review the working of the rules and orders relating to the representation of Minority Communities in the Services of Indian Government Railways alluded to the feeling existing among members of Minority Communities that they were not getting "A square deal". He recommended among other things that a Selection Board for promotion should not consist of members of any one community only. He also made certain suggestions applicable generally to the constitution of Selection Boards one of which was the representation of Minority Communities thereon. Accordingly, with the concurrence of the Central Advisory Council for Railways, provision for the representation of Minority Communities on Selection Boards for promotion was made in the orders issued on the subject. Government see no reason for discounting the practice.

(d) Government do not agree that the fact that a Selection Board may have a Member of the Minority Communities on it amounts to communal discrimination. Nor do they accept the suggestion that any communal discrimination is observed in making promotions.

**DUTIES OF RAILWAY SECTION OFFICERS ATTACHED TO ANTI-CORRUPTION DEPARTMENT ON N. W. RAILWAY**

**72. Seth Sukhdev:** Will the Honourable Member for Railways be pleased to state:

(a) the duties of the Railway Section Officer attached to the Anti-corruption Department;

(b) whether he has powers to investigate cases; if so, how this power is exercised; and

(c) where such officers are stationed on the North Western Railway?

**The Honourable Dr. John Matthai:** (a) By the expression "Anti-corruption Department" the Honourable Member presumably means the Special Police Establishment, now known as the Delhi Special Police Establishment, constituted for the purpose of preventing corruption on Railways. Railway Sectional Officers attached to this Establishment are required to collect information regarding the prevalence of bribery and corruption in their respective sections on the Railways to which they belong, to assist the investigating officers in understanding and appreciating the technical records pertaining to cases on the railways and generally to advise on the technical aspects of investigations.

(b) The reply to the first part is in the negative; the second part does not arise.

(c) Three Railway Sectional Officers are stationed at Lahore, two at Rawalpindi, one at Delhi and one at Quetta.

**SHEDMEN POSTS ON KARACHI DIVISION OF THE N. W. RAILWAY**

**73. Seth Sukhdev:** Will the Honourable Member for Railways be pleased to state:

(a) the number of grade II Shedmen posts on Karachi Division of the North Western Railway; and the stations where such posts exist;

(b) whether confirmations are made in these posts; if not, why not;

(c) when each such post was sanctioned, and how long the present incumbents have been officiating against each of such posts; and

(d) the maximum period of officiating service after which an employee should be confirmed; if no such limit has been laid down, the reasons therefor and whether it is proposed to do so now? If not, why not?

**The Honourable Dr. John Matthai:** The information is being collected and will be laid on the table of the House in due course.

**LOSS DUE TO NON-SUPPLY OF CHEAP ARTICLES AT GRAIN SHOPS ON N. W. RAILWAY**

**74. Seth Sukhdev:** Will the Honourable Member for Railways be pleased to state:

(a) whether Government are aware that some 18 commodities are to be supplied at North Western Railway grain shops at cheap rates;

(b) whether Government are aware that even a minimum of 10 commodities has not been supplied during the last few months; if so, whether Government propose to make good the loss caused on account of the non-supply of cheap articles by payment of dearness allowance; if not the reasons therefor; and

(c) whether Government are aware that the North Western Railwaymen have asked for the supply of rationed articles only at controlled rates and the payment of full dearness relief in cash; whether Government propose to comply with the request, if not, what other proposals have been formulated by Government in connection with the grain shops?

**The Honourable Dr. John Matthai:** (a) The Honourable Member is presumably referring to instructions which were issued by the Railway Board in September 1944 in which a maximum of 18 commodity groups was aimed at for supply from railway grainshops. The actual number of groups, however, depends on whether supplies are procurable. The maximum has since been reduced due to the abolition of the scheme for the sale of standard and woollen cloth through railway grainshops.

(b) From the information available, only a small proportion of the grainshops of the N. W. Railway supplies less than the target of ten commodities. As regards the latter portion of the question, relief in kind is properly and equitably given in so far as the procurement position permits. It is not proposed to give cash relief when stocks fail.

(c) Government are not aware of a specific request to this effect by the employees of the N. W. Railway. As regards the question whether such a request, if made, will be complied with, the question of the future policy in regard to the continuance of grainshop concessions in their present or in any other form will be considered after the report of the Pay Commission has been examined by Government and decisions taken thereon.

### SHORT NOTICE QUESTIONS AND ANSWERS

#### STRIKE BY MUSLIM EMPLOYEES IN CENTRAL ORDNANCE DEPOT DELHI CANTT

**Mr. Ahmed E. H. Jaffer:** (a) Will the Secretary of the Defence Department be pleased to state whether Government are aware that the Muslim employees at Noon, in the Central Ordnance Depot, Delhi Cantonment are on strike?

(b) If so, what is the total number of persons on strike and what are the causes of the strike?

(c) Are Government aware that the present civilian labour Officer's attitude towards the Muslim employees is one of the important causes of the strike?

(d) Are Government aware that some of the Muslim employees had approached the Commandant before launching the present strike, with a request to permit them to place their grievances before him and that he had refused both to grant them an exclusive interview and to listen to their grievances?

(e) What steps do Government propose to take to end the strike?

**Mr. G. S. Bhalja:** (a) Yes Sir. A certain number of Muslim employees have absented themselves from work.

(b) 150 to 230 out of about 850, but the number varies from day to day. The cause of absenteeism is the transfer of three men from one section to another in the Depot in the ordinary course.

(c) No Sir.

(d) No Sir. On the contrary, the complaints of the Muslim employees were investigated by the Commandant personally.

(e) This is not a case of strike but of unauthorised absenteeism.

**Maulana Zafar Ali Khan:** Arising out of part (d) of the question, may I know whether it is a fact that the Civilian Labour Officer and the members of the so called Welfare Sub-Committee, in whose presence the Commandant called the Muslim Ring Leaders, were all Hindus, the very persons whose bigotry was the cause of the Muslim employees' grievances?

**Mr. G. S. Bhalja:** I am afraid I have not followed the question in detail. Would the Honourable Member pass on the paper to me? I will send him a reply.

**Mr. President:** Is the Honourable Member putting the question on his own information, or has the question been passed on to him?

**Dr. Zia Uddin Ahmad:** Has the Honourable Member seen the article published in today's *Dawn* about the real causes of this strike?

**Mr. G. S. Bhalja:** I have just seen the press cutting shown to me by my Honourable friend, Mr. Ahmed Jaffer.

**Dr. Zia Uddin Ahmad:** Does he agree with that?

**Mr. G. S. Bhalja:** No, Sir.

**Dr. Zia Uddin Ahmad:** Can he tell the real facts if those facts are not correct?

**Mr. G. S. Bhalja:** It will take a long time to go into all the facts. Briefly the position is that a Civilian Temporary Clerk employed in the C. O. D., Delhi, named Faruq Mirza, absented himself from work, as he felt that he was slighted in being transferred from one section to another in the same depot. A labour committee went into the question and found that this grievance had no substance. Then there was a Darbar held by the Commandant himself on the 21st February, which consisted exclusively of Muslim employees and they were all satisfied that the grievances put up by certain employees had no substance. Subsequently a Court of Enquiry was ordered and the report of that Court of Enquiry is being awaited.

**Dr. Zia Uddin Ahmad:** Does the Honourable gentleman believe that the strike was due to the transfer of two persons or was it because the officer refused to give an audience to the employees?

**Mr. President:** As the Court of Enquiry has already been instituted, there should be no further questions on the merits now.

**Mr. Ahmed E. H. Jaffer:** Is the Honourable Member aware that there are two appointments of C.L.O.'s. at this Depot? Out of them one is already a Hindu and the other appointment is lying vacant. Will the Honourable Member look into it and see that a Muslim is appointed to the post so that it might meet one of the grievances of the strikers?

**Mr. President:** I do not think it arises out of the question.

**Mr. Ahmed E. H. Jaffer:** It does.

**Mr. President:** It does not.

**Shaikh Rafiuddin Ahmad Siddiquee:** Is it a fact that the Government characterised the Muslim employees' spokesmen as the ringleaders of the trouble and does this not show that they were prejudiced against them?

**Mr. G. S. Bhalja:** No, Sir.

**Mr. Mohammad M. Killeidar:** Has not the Honorary Secretary of the Muslim's Association on behalf of the strikers stated that one of the grievances was the cancellation of the transfer of the two men? How then could the transfer of those two men be the cause of the strike?

**Mr. G. S. Bhalja:** This is one of the grievances in a statement which has just been shown to me by my friend, Mr. Jaffer. I have not been able to go into the matter of the grievances.

**Lala Deshbandhu Gupta:** Is it open to outsiders to supply manuscript supplementaries to different Members to be asked by arrangement one after the other?

**Mr. President:** Order, order.

**Dr. Zia Uddin Ahmad:** May I ask that the Honourable gentleman has given us the facts which were given to him by a subordinate? But can he imagine that the strike could be due to the fact that on account of two persons 230 people have gone on strike? There seems to be something else also. Will he enquire into the facts?

**Mr. G. S. Bhalja:** It seems to be more a matter of argument.

**Mr. Ahmed E. H. Jaffer:** May I ask the Honourable Member if he would personally look into this matter and satisfy our demands sympathetically?

**Mr. G. S. Bhalja:** Certainly, Sir, the grievances of the men who have gone on strike will be sympathetically considered by Government.

SENDING OF TROOPS FOR USE AGAINST MUSLIM LEAGUE CAMPAIGN IN THE PUNJAB,  
N. W. F. PROVINCE AND ASSAM

**Mr. Tamizuddin Khan:** Will the Secretary of the Defence Department be pleased to state:

(a) whether troops have been lent to the Punjab Government for dealing with situations arising out of the campaign that is being carried on by the Punjab Muslim League for the restoration of civil liberties in the Province and if so, their number and the districts where they have been hitherto employed;

(b) whether troops have been lent to the Government of the North West Frontier Province in connection with any movement by the local Muslim League against the recent promulgation of Section 144 of the Criminal Procedure Code in the city of Peshawar; and

(c) whether it is true that troops have been lent to the Assam Government in connection with the eviction of Muslim and other emigrants mainly from Bengal, from a number of villages in the district of Durrang in Assam and if so, the nature of duties that the troops are being required to perform?

**Mr. G. S. Bhalja:** (a) and (b). In accordance with the normal practice troops are available to the Provincial Governments if, in their opinion, the police forces present are inadequate to maintain law and order. Troops have been employed in the Punjab for the protection of Railways and have been available as backing to the police if required, but up to the end of February no troops had been actually in contact with parties of demonstrators.

(c) No, Sir.

**Mr. Tamizuddin Khan:** Were also British troops lent in this connection?

**Mr. G. S. Bhalja:** I think, Sir, on one or two occasions British troops were also standing by as a precautionary measure.

**Mr. Tamizuddin Khan:** Can he give the number of troops?

**Mr. G. S. Bhalja:** I am afraid I cannot give the figure off hand.

**Dr. Zia Uddin Ahmad:** Is it a fact that these troops are under the Government of India and not under the Provincial Government? If in case they are used in a wrongful manner are we not entitled to ask questions and is it not the duty of the Honourable Member to make enquiries?

**Mr. G. S. Bhalja:** The troops are under the Government of India. But I have explained repeatedly that on the occasions when they have to be brought into use in aid of civil power, the justification will have to be given by the Provincial Government concerned and not by the Central Government.

**Dr. Zia Uddin Ahmad:** If these troops are wrongly used by the Provincial Government, isn't it the duty of the Government to make enquiries?

**Mr. President:** That is hypothetical. It obviously follows.

THE GENERAL BUDGET—GENERAL DISCUSSION—*contd.*  
FIRST STAGE*Announcement by the President*

**Mr. President:** Before the House proceeds with the general discussion of the Budget, I wish to say a few words on the scope of the discussion and the time limit. I understand that it is the desire of Honourable Members to sit for one additional hour from 5 p.m. to 6 p.m. to-day and to-morrow.

Therefore the question hour will stand as it is and the House will sit longer by one hour.

Before we proceed with the general discussion of the Budget, I should like to invite attention of the Honourable Members to Rule 46 of the Indian Legislative Rules so that the scope of discussion may be clear to the Honourable Members. This is what the Rules says:

[Mr. President]

"The Assembly shall be at liberty to discuss the Budget as a whole or any question of principle involved therein, but no motion shall be moved at this stage. . . ., etc., etc."

Any reference to individual grievance etc. will come at a later stage, and Honourable Members will get the opportunity when the Finance Bill comes in. For specific items of the Budget they will get an opportunity when the cut motions are there. So the present scope of discussion is clear, and that is general discussion on the Budget as a whole as also any question of principle involved in the Budget.

In all during the two days, excluding the question hour but including the extra hour from 5 p.m. to 6 p.m., the House gets 9½ hours of which I am setting aside, or propose to set aside, an hour and a half for the Government Members to reply. So roughly the House will get 8 hours. The time limits which I propose are about 15 minutes to each individual speaker, and in case any more time is required or taken up by any Member of a Party, that will be a reduction in that Party's time, as time for each Party is proposed to be rationed. I propose to allot the time of 8 hours as follows:

- Four hours for the Congress Party;
- Two hours for the Muslim League Party;
- One hour for the European Group; and
- One hour for unattached Members.

I believe the House is agreeable to these proposals.

**Mr. Tamisuddin Khan** (Dacca cum Mymensingh: Muhammadan Rural): If a Member takes less time than fifteen minutes, will the balance be added to his party's time?

**Mr. President:** I am keeping an account of the time taken by each Member.

**Khan Mohammad Yamin Khan** (Agra Division: Muhammadan Rural): I rise today to congratulate the Honourable the Finance Member, the first Indian Finance Member who sat in this House since the British Government had taken possession of India. He is not only the first Indian Finance Member, but he is the first Finance Member of the purely Indianized Indian Government, and with this position, we expected from the Finance Member the boldness of presenting a budget which may be acceptable to the country at large, and he has shown great strength and boldness in presenting his budget. I congratulate him for presenting a budget which is really the poor man's budget and which meets the aspirations of millions of this country.

For the last 26 years we have had debates and discussions in this House about the salt tax and the Governments in the past had not been able to abolish the salt tax which the Honourable the Finance Member has done boldly. Thus he has brought great relief to the people which has been asked for on public platforms and from this House for the last 26 years. In spite of the deficit in the budget the Honourable the Finance Member has come forward to abolish this tax. Therefore we have to congratulate him for having met the aspirations of Indians in this respect.

Another great relief which he has given and which had been demanded on the floor of this House for a long time is that the smaller incomes should be free from income-tax. I know that in 1931 there was a great tug of war when it was suggested that the minimum should be reduced from Rs. 2,000 to 1,000. On this issue we threw out the whole Finance Bill which was presented by the Government of the day and that created great resentment on the part of the Government. Circumstances have changed and the cost of living has increased and it was expected of the Finance Member to raise the minimum limit so that it may meet present day requirements and he has boldly come forward to increase the limit from Rs. 2,000 to Rs. 2,500. Though it may not be as much relief as might be considered justified and necessary I think taking into

consideration the deficit which is there in the budget, this proposal will be welcomed.

I am glad that the export duty on tea has been increased from two annas to four annas. We have been producing this commodity in this country, and I do not know why the prices have suddenly increased during the last six months. Tea has been exported so much with the result that the people of this country have been made to suffer. The prices of tea in the market had increased by leaps and bounds. Even the man in the village drinks tea nowadays, because in the absence of milk, tea is no more a luxury but a necessary substitute to tea for the villager. Tea prices have been going up steadily and this duty combined with the abolition of the salt tax will provide some relief to the poor man. I think that with the increase in the tea export duty the price of tea will tend to come down and not increase. This will be a relief to the poor man. I have on my left my Honourable friend Mr. Griffiths, who is the President of the Tea Association. I hope he will take into consideration the poor man in the village and will not allow the tea prices in the market to rise as they have done hitherto and will try to bring them down to the same level as existed before the control was taken from them. I hope the Honourable the Finance Member's suggestions and proposals will bring great relief not only by simply adding to the revenues but also by relief in the home markets.

Sir, I have been of this view for a very long time and I have pressed it year after year, that there is no reason why we should allow in this country of poor people (85 per cent. of the population of this country lives from hand to mouth) very big incomes to people who accumulate wealth and which wealth they do not generally use for any purpose other than hoarding. I proposed many years ago that the limit of a man's income should be a lakh of rupees and he should not be allowed to retain anything beyond that. Whatever in excess he earns must go to the State. I have been pressing during the war that the burden of war expenses must fall on those people who have made lot of money during the war and it should not fall on those people who have been losing during the war or have not been making any profits at all. There are some people who made huge profits through the contracts of the Government but who paid for the contracts?

**Shri Sri Prakasa** (Benares and Gorakhpur Divisions: Non-Muhammadian Rural): The Government.

**Khan Muhammadian Yamin Khan:** What is Government? It is the public, the tax-payer, paid the money to the contractor. Then it is but right that these people should be taxed in order to give relief to the taxpayer and these richer people should not be allowed to exist on the sufferings of the taxpayer. Therefore there is no reason why we should allow them to earn beyond a certain limit. There are many people who have made profits not in thousands nor even in lakhs but in millions and these people have been concealing their profits. They have been dealing in black markets. Many cases have come to our notice that people sold bundles of cloth at a certain price openly but that was not the real price at which they were sold. They took thousands of rupees as pugri money in the black market and they gave receipts only for the proper price. This brought misery to the consumers in this country and the consumer had to pay the black market price. There may be a law to check it. You may punish them but the net result remains, that there are people who have got the money made in black markets. There is no reason why the taxpayers should go on paying on account of them. It is therefore right that the State must intervene and charge on their income, in order to bring relief to the taxpayer. I congratulate the Honourable the Finance Member for his bold stand in this respect. I would not have left even the two piece which the Honourable the Finance Member has generously given

[Khan Muhammad Yamin Khan]

beyond a lakh and fifty thousand earned money or a lakh and twenty thousand unearned money. What is unearned money? If a man has inherited a big property or is earning something from the banks then this money comes to him as a real gift without any labour. On this a lakh and 20 thousand is a very generous limit. I should have liked it to be reduced to half of it. I do not know why anybody should get more than what an Executive Councillor of the Government of India gets as his income. If an Executive Councillor's salary is fixed at Rs. 5,500 a month it comes to Rs. 66,000 a year. I think this should be the limit for anybody among the public to make either in vocation or in business. That is the limit up to which we should allow anybody to retain to himself as income. The Executive Councillor gets Rs. 66,000 minus the income-tax, while that man will be free to get up to that limit.

**Shri Sri Prakasa:** But will they have free travelling also?

**Khan Mohammad Yamin Khan:** As far as travelling is concerned if it is connected with the profession it is charged to the expenses. Therefore he will not be affected whether he is in business or in any profession.

**Babu Ram Narayan Singh** (Chota Nagpur Division: Non-Muhammadan): And free bungalows also?

**Khan Mohammad Yamin Khan:** No bungalows.

**Mr. President:** If the Deputy President begins to reply to the various interruptions his time will be taken up by the interruptions. The best course for him will be to ignore the interruptions.

**Khan Mohammad Yamin Khan:** If Honourable Members want to interrupt me, as a matter of courtesy I want to reply. But it is for them to see that they do not tax that courtesy.

Sir, I welcome one great suggestion which has really not been tackled for a long time and the Honourable the Finance Member has very wisely tackled it and I hope he will succeed in this. At least in the City of Delhi—and it may be prevalent in many other places also, in Bombay I hear the position is as bad, and in other places also—what the people have been doing is this. They have been purchasing lands like Improvement Trusts lands. If 20 or 30 sites were sold by auction there was only one company which went up and purchased the lands in the auction. They got it because nobody else could face them. They were the profiteers. If they purchased for Rs. 5 or 6 a yard from the Improvement Trust now they are selling the same land and advertising for sale at Rs. 100 or 120 a yard. This is raising the very great problem of accommodation in the City of Delhi, and has been the cause of great misery to those people who cannot afford to purchase the land at this exorbitant price. I think a tax on the sales of these lands in this manner will stop speculation in many ways and prices will remain normal. People will not easily get black market money by these sales. Therefore I welcome the suggestion that this practice should be stopped. As a matter of fact I would like it—though this may come later on—that anybody who has already got a house in Delhi should be stopped from purchasing any land for house sites in Delhi. And nobody should be allowed to sell it for 20 years if he has purchased once. That will put a check on the people making money out of lands.

I am sorry that there is a great deal of deficit still left. There would have been a greater gap as a deficit if certain other taxes had been given up as a relief. It is not for us to suggest what tax can be given up and I do not want to propose anything in that direction because there is still a deficit left. Then may be a greater deficit which I fear will come up and must come after the recommendations of the Pay Commission are accepted by the Government.

Therefore I think the policy of the Government should be to bring down expenditure by considering what unnecessary staff under the Government of India is receiving very high salaries and abolishing it. They should be retrenched. Of course Government will have to consider and are bound to consider the question when the salaries will have to be fixed, on the level of income in future. These are the salaries which the Government of India pays at present. They were fixed a long time ago and they were fixed in exceptional circumstances, but they might be changed in future, after two or three years. But I do not propose to deal with this question any more than the Pay Commission will deal with it.

I have only one more suggestion to make. I do not find any suggestion in the Honourable Member's speech about this and I hope he will explain the omission. I think some kind of provision should be made by the Government for the training of technicians on a larger scale under the circumstances as are presented to us by the announcement of His Majesty's Government. If the British Government is going to leave and hand over charge to India in June 1948, who is going to defend our shores? Who is going to bring many things which we require now? Are we going to be dependent on the British navy to protect our shores after that? Are we going to engage them on contract? Are we going to pay them some kind of subsidy for protection, or are we going to protect ourselves? If we are going to protect ourselves, then where is this personnel coming to manage our fleet? Where is the fleet which is to come? I think the Government should pay a great deal of attention that, when we are going to take possession of our country we should not be left in the position that we may demand the British Government to stay and say 'No, please don't go; please stay on to protect us'. I do not want to be reduced to that position. If they have said they are going, and they mean it, I must be ready to take charge of my house without being left under the guardianship of the people who say they don't want to stay. Sir, that is the position which the government of the day has to tackle and tackle very strongly and to bring in circumstances under which our shores may not become a source of danger to our country from the attacks of other people.

**Shri Sri Prakasa:** When you talk of 'lac' of rupees, you must suffer from lack of navy.

**Khan Mohammad Yamin Khan:** That is why I am saying that we have to build it and build it soon and provide the technicians who will have to manage the navy also. We have been paying attention towards our army, but we have not paid much attention to our navy. Our shores are very very long and we require protection of the shores from other countries. The people who came as invaders from Europe, whether they were the Dutch, Goanese or British, came from the shores. Therefore these shores have to be protected. The protection of the shores can come only when we train people and bring up our people to the required level within the short period which we have at our disposal.

Sir, these are my general remarks for consideration. I will have my opportunity of going into details later on.

**Mr. P. J. Griffiths (Assam: European):** Throughout most of human history time seems, as it were, to flow in a continuous stream. One may pick out particular points or particular sequences, but the direction of the flow is uniform, only at rare times in human history a point is reached when the stream of time seems to bifurcate, when the current of future events seem to separate itself from the past and flow in a wholly different direction. We in this country are today approaching such a great dividing point in time. For nearly 100 years the finances of this country have been guided and controlled by British officials, working in consultation with and until recent years, under the control of British Governments. Today, for the first time, we are discussing a budget presented not only by an Indian Minister, but presented

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under the aegis of the first Indian popular Government of this country. That, Sir, is a matter which must occasion great gratification to every single member of this House, and to no Party, no Group is the gratification greater than it is to us in this Group who have for the last five years thrown their influence, both here and elsewhere into the cause of immediate self-government for this great country. It must be a thought of great pride to the Honourable the Finance Member that it falls to him to present this Budget under such circumstances for the first time.

There is, however, a second respect in which this Budget occasion is somewhat unique and here its uniqueness is not a matter on which I can congratulate the Honourable the Finance Member. It is unique in this sense, that for the first time it is a Budget based not primarily upon financial considerations, not primarily upon the need for preserving financial stability, but upon the achievement of what the Finance Member himself has described as a social objective. At a later stage in my remarks I shall try to make the point that 'the social objective' has been misconceived or at any rate misstated, and that the Finance Member, besides misunderstanding the objective, has misunderstood the means by which that objective might be reached. I will return to that point later.

It seems to me that in considering any budgetary proposals, we have four tasks to carry out: First, we have to assess the financial strength of the country as revealed by the budget figures; secondly, we have to examine the estimates of revenue; thirdly, we have to consider whether the estimates of expenditure are reasonable; and, finally, we have to examine the taxation proposals.

I shall begin with a brief reference to the financial strength, the financial position of this country as disclosed by the budget figures, and here we have to take into account two main factors—the revenue position and the borrowing position. When we examine the revenue position, we find that for the current year there is a deficit of 45 crores of rupees and that if there were no fresh taxation in the forthcoming year we could expect a deficit of 48 crores of rupees. And here we have to ask ourselves a question, and it is a very difficult question, as to whether a deficit of this order is or is not significant, significant in the sense that it ought to lead to new and drastic taxation? In answering this question it is not easy to take a balanced view. In this group, though we know quite well that we cannot return to pre-war canons of finance altogether, we should not welcome a policy which shall involve deficits year after year, and which in course of time would lead down the slippery slopes of bankruptcy. That is a policy which we should not welcome, but our feelings on that point must not make us lose a sense of proportion and attribute to the deficit shown in the figures this year a significance greater than that it deserves. Last year there was roughly an equivalent deficit and the Finance Member then, for reasons which to us seemed cogent at the time, refrained from embarking on a policy of fresh taxation presumably in the belief that many of the items of expenditure must from the necessity of the case diminish and that it was reasonable to suppose that the deficit would be wiped off by the beginning of the following year. It is very difficult to speak dogmatically as to what degree of risk the Finance Member ought to run in this matter. Our own view in these Benches is that he has attached too much significance to a deficit of this order and that this year, as last year, it would have been wise if he had adopted the procedure of holding off and in the meantime not considering this deficit as of a sufficiently frightening order to justify heavy and novel taxation. The second feature in the financial strength of the country is the internal borrowing position. I do not propose to discuss this in detail. I will merely point out that the internal debt today stands at, about twice what it was at the beginning of the war and this at a time when revenues

have risen roughly threefold. It does not seem to us, either in comparison with the pre-war position or in comparison with other countries, that there is any great cause for alarm about the present debt position provided—and this is an important proviso—provided Government maintain the conditions under which productive activity will continue to be possible in this country. Given reasonable, healthy productive activity, there is no need to be worried about an internal debt of the order with which we are faced; but if the conditions of that productive activity are not maintained—and there are signs in many directions at the moment that they are not being maintained—if that should happen then this debt might become disturbing indeed. As I shall show later, amongst the factors which are likely to undermine this productive activity are the taxation proposals contained in this year's Budget. Taking the position as a whole—deficit, internal debt, and coupled with that the large external credit—it seems to us that we can assess India's financial position as being reasonably strong, far too strong to create a panic, and certainly far too strong to make it necessary for the Finance Member to go round looking for new and drastic forms of taxation.

I pass to the second aspect of budgetary consideration—the revenue estimates. The estimates for the forthcoming year are down, I think, by about 57 crores of rupees as compared with the revised figures of the current year. That decrease, I believe, is almost wholly accounted for, firstly, by the cutting of Excess Profits Tax and, secondly, by the fact that in the last Budget there was a fortuitous item of 46 crores of rupees on account of war risk insurance which naturally cannot be repeated this year; so that, roughly speaking, leaving aside those two changes, the Finance Member is budgeting for an economic tempo during the forthcoming year of roughly the same order as that during the current year. Again this seems reasonable to us, subject to the same proviso that I mentioned earlier, namely that Government maintain the conditions under which economic expansion or even the maintenance of our economic position is possible. We are however inclined to think that the Finance Member may have under-budgeted receipts. I turn, for example, to the item on account of customs receipts. I find that this year there has been quite a considerable improvement in the position as between the original budget estimates and the revised estimates, under this head and I am rather surprised therefore, that in budgeting for the forthcoming year the Finance Member has not felt justified in showing some substantial increase under this head. I am not criticising him for that; I can understand that under the present unsettled conditions in the world any Finance Member has to take a conservative view. But the point I wish to make is that it looks as if there has been some degree of under budgeting and as a result the apparent gap between revenue and expenditure has been increased. We are inclined to think that the estimated gap is probably higher than is actually justified by reasonable expectation.

Then I come to the third aspect of the budget—the expenditure estimates. These are down by Rs. 54 crores compared with the current revised estimates and at first sight that might seem a satisfactory reduction; but the fact still remains that we are carrying over into the third year of peace, expenditure of a staggering nature. The increased expenditure in the revised as compared with the original budget figures, for the current year is a little disturbing. It leaves us with the feeling at the back of our minds that possibly everything is not being done to cut down expenditure to a reasonable minimum. I realize of course that some part of the increase is due to certain circumstances outside the control of Government. But I also notice that as the Finance Member points out, no small part of the increase is due to expansion of departments here and there. That seems to us to call for further examination and I shall revert to it in a minute. The most important single item of the expenditure estimates is of course Defence. Here we find our-

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selves in a difficult position. All we are told is that Rs. 188 crores is being spent. We do not know how it is being spent. We have no material from which we can judge whether it ought to be Rs. 178 or Rs. 168 crores. We do know, as business people, that when you have any concern spending Rs. 188 crores, you can be certain that there is scope for drastic retrenchment if you go about the business properly. We notice that demobilization has been slower than we hoped. We believe that this is part of a general slowness of the whole business of unwinding the war machine. There are of course vested interests standing in the way of unwinding any war machine. We want those interests to be kept in check. We notice that it is still the case that in the telephone directory of this city 42 pages are kept for G. H. Q. telephones. That is only a small matter but it seems symbolical of the reluctance of war-time departments to start reducing themselves.

I come then to another aspect of the estimates of receipts—the commercial departments. Has the Finance Member satisfied himself that the commercial departments are earning what they should earn? Has he satisfied himself that their efficiency is all that could be desired? Take the Posts & Telegraphs Department. We shall have much to say about it in cut motions in this House and most of us feel from the experience we have all had that it would be very optimistic to regard that Department as an example of efficiency. The estimate we form of its efficiency makes us wonder how efficient it is as an earning machine. I would like an assurance from the Finance Member that he is satisfied that these great commercial departments of State are being run in such a way as to produce the maximum income compatible with service to India.

Then we come to the general civil estimates. We find they are only Rs. 4 crores less than the current year and this links up with what I was saying about the tendency of Government Departments to hang on. Of all the new manufactures which came into being in war-time, perhaps the most interesting was the manufacture of government departments. Some fresh need sprang up and a Department was created immediately. Once there the Department itself began to increase the need—and so it went on. Philosophers of old did not discover the secret of perpetual motion but Government departments have discovered it. New departments were brought into existence and we fear they will be kept there for ever. We do feel that this Economy Committee which the Finance Member is proposing to introduce is of the utmost importance. We give him our full support and we hope he will show radical determination to see that waste is stopped and that reasonable economy is effected. We agree with him in his distinction between retrenchment and economy. Retrenchment in the narrow sense, arises when the financial situation is so bad that you have to cut down even useful and profit-making expenditure. That is not the case today. We do not want retrenchment in the narrow sense, but we do want a thorough economic drive. We shall not get that unless the Finance Member himself provides the force behind. I know of no man who has more driving force than he has. If he will exert that force with a view to cutting down expenditure, he will go a long way to bridge the gap. Action of that kind is a better step towards bridging the gap than rushing helter-skelter into new and dangerous forms of taxation.

Linked with this question of economy is the question of ensuring proper collection of the revenue. It is not necessary for me in this House to dilate on the very wide scale on which tax evasion and tax dodging takes place in every part of this country today. Every one of us who has contacts with these matters see examples of it on a great scale everywhere. It is a matter of great satisfaction to us that the Finance Member has turned his attention, so early to this aspect of administration. It seems to us that India's great administrative need is the tightening up of the collection machinery of revenue.

Collect your taxes and you will bridge the gap. You will not need to fly to new taxes which with your present ineffective administration will be continued to be paid only by the few. You will not need to do that if you see that taxes are collected from all from whom they are due. The commission which the Finance Member has proposed is a sound idea but will not go by any means the whole way. What is wanted is not merely an *ad hoc* commission, but a permanent strengthening of the revenue collecting machinery and particularly of that part of the machinery which is concerned with the detection of evasion. Let us have a full-blooded drive to ensure that the tax dodgers are roped in. Again I say to the Finance Member: collect your tax and you will bridge the gap without going in for new and fantastic taxes.

I turn now to the taxation proposals contained in the budget and here I would like to make one preliminary observation. Throughout past years, we in this group have lent our support to the proposals of Government for increased taxes. We have done so even on numerous occasions when those whom we represent were those most likely to be worst hit by those proposals. We have done so, not because we are fine and noble people—though of course we are—but because as good business men we are conscious that our prosperity is bound up with the prosperity of the country, and it was our considered view that the taxation proposals which have been put forward in the past have been such as to stimulate the national economy and to give the country that prosperity in which we as businessmen hope to share. I make these preliminary remarks because I want to appeal to my Honourable friend, the Finance Member to believe that when I oppose, as I shall have to oppose some of his proposals today, I do so in a spirit of sincerity equal to that with which I supported unpleasant taxation proposals in years past. It seems to us that the whole scheme of taxation contained in this budget is so drastic that it would be far too mild to say that it would drag down industry and prosperity. There is however a real possibility that if applied in its present rigid proposed forms it will lead sooner or later to an economic collapse in this country. It seems to me clear, if I may say so with great respect, that the Finance Member is basing his budget on two unsound premises. In the first place he has set before himself the social objective of narrowing the gulf between the rich and the poor. I respect the intentions of the Finance Member in this matter, but I think he has misconceived the objective. There are two ways of narrowing the gulf. One is to pull one side this way and the other is to pull the other side that way. Narrowing the gulf is not good unless in the process of doing it you are giving some benefit to the poor man. Taking away from the rich is not a virtue in itself. We are living in an age in which it is common to think that riches are wicked in themselves, a view generally abandoned as those holding it themselves emerge from the lower financial strata of society. But the more sober view, and the one expressed by the *Hindustan Times*—taking a realistic view on this matter—is that the aim is not to pull somebody down but to pull somebody else up. I have no objection to pulling the rich and wealthy down provided it is done in such a way in the process that somebody else is going to be pulled up. We live in an age when sentimentalism and loose thinking are the order of the day, and we are apt to take it for granted that because we do something unpleasant to the rich automatically we somehow or other in some mysterious way benefit the poor. The test that we apply to the proposals of the Honourable the Finance Member is not: Do they make the rich poorer but do they make the poor richer? Do they in any way either directly or indirectly, help the common man? I should have much preferred it if the Finance Member had stated his social objective in this more rigid and accurate form.

The second mistaken foundation, which I submit with great respect, seems to me to appear from one part of his budget speech, when he speaks as though roughly speaking all industrialists were a bad lot. He says:

"We have here on the one hand a class of multimillionaires rolling in wealth and holding the economy of the country in their grip by exploiting for their own profit the labour of the

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poorer classes, and on the other hand the vast multitudes who eke out, somehow or other, a miserable existence precariously near the starvation line."

I yield to no one in my admiration of the Finance Member's delightful phrasing or for his capacity for painting a picture so as to look even more lurid than it is. But I suggest that this dichotomy which the Finance Member has drawn is a false one. India is not divided between exploiting multi-millionaires on the one hand and those vast multitudes on the other hand. There are indeed multi-millionaires who deserve to be called exploiters. There are profiteers, there are tax-dodgers and there are tax-evaders. But there are also a great many in this country who perhaps technically come within the classification of what the Honourable the Finance Member would call rich men who are contributing day to day to the development of this country—whose work as great industrialists is vital to the country's industrial expansion. It is on the work of these industrialists that the masses sooner or later must depend for the raising of their standard of living and that the country must depend for increased production. It seems to us entirely wrong to say in effect that because you have a class of parasites, because there are millionaires who exploit labour and do not themselves contribute as much as they should to the welfare of society,—that because of this you will impose taxation of a kind which besides hitting them will also hit and cripple those industrialists whom as the builders of big business, India so badly needs. You will discourage them and frighten them away from that great industrial expansion which is to be the life blood of India in the future.

It is common to lump financiers and industrialists together, to say that industrialists, exploiters speculators, and the like are bad lot and therefore we will tax heavily every body who happens to come into the high income class. This is a confusion of thought. I do not mind what the Honourable the Finance Member does in the way of discouraging the speculator, the financier pure and simple.

We talk of social objectives; we talk of the needs of the common man. What is it that the common man really wants in the economic sphere as a result of Government intervention? In the first place he wants such an expansion of national wealth that his country will be in a position to give him the things that he needs. Today he cannot have compulsory primary education, because there is no money to pay for it. Today he wants a great public health service and he has not got it because there is no money to pay for it. He wants most of the elementary rights enjoyed by citizens in more advanced countries but he has not got them because India is a poor country. Surely then the primary need of the poor man in the economic sphere—is the expansion of national wealth the filling of the national coffers in a way which will make it possible for him to enjoy those public services without which no country can be considered advanced or progressive. And then the second main need of the ordinary man is a plentiful supply of cheap goods, commodities beyond the bare necessities of existence, which he can buy at reasonable prices. The time is past when the masses generally either are content or ought to be content to eke out a bare existence, with just enough to keep body and soul together. They are entitled to something more but they cannot get that something more, unless industry in the country is vitalised, unless

1 P.M. the wheels of industry are kept turning at the maximum possible speed, unless industrialists are induced to exert their utmost strength and ability to turn out consumer goods on the largest possible scale and also capital goods if they can—unless that can be done it is no use indulging in idle dreams. Visions alone will not raise the standard of life of the poor man. What is needed to raise the standard of living is an expansion of industry and for that industrial expansion you have to see that the incentive for development is there. If by taxation you take away that motive and you take away the incentive for development, you will slow down the whole process of expansion.

By these proposals you will take from the rich but you will have nothing to give to the poor. I do not believe that is really what the Honourable the Finance Member wants nor do I believe that that is what this House desires. But I believe there is a good deal of confusion on that subject, because people have at the back of their minds the idea of nationalisation, the idea that the State and not the private capitalist ought to undertake great businesses and reap the profits from them. I am not concerned today to dispute the truth of that ideal, though I hope to take some other opportunity of doing so. The point I want to make here is that no one says that India is yet ready, that the State is ready to take the place filled by capitalist enterprise, to make itself a super-industrialist responsible for all production. That change cannot be made overnight and therefore it is abundantly clear that whatever you may have as your dream of social organisation in the future, in the meantime the wheels of private industry have got to be kept turning. If you impose on industries and on business taxation of the crushing nature set forth in this budget, in which business profits tax are increased, corporation tax is increased and an almost fantastic level of super tax is imposed, if you impose taxation of this order, then you destroy the incentive in industry. The discouragement will be so great that businessmen will not consider it worth the effort to organise great businesses. Perhaps in fifty years' time the main spring of human motives will be different. Perhaps we shall all by then be like well trained civil servants anxious to work just for sake of the common good. But that day has not yet been reached. When that day is reached, the Honourable the Finance Member, with this theory at the back of his mind, will be the obvious man for the post of Finance Member but that day has not been reached yet.

**The Honourable Mr. Liaquat Ali Khan:** That is fifty years hence!

**Mr. P. J. Griffiths:** You will be very experienced by then, Sir. As I said, that day has not yet been reached and it is still essential to make use of private enterprise and of the profit motives.

I do not ask the Honourable the Finance Member to take my word for it, when I say that taxation of this kind shakes confidence and destroys the incentive. Let him go and see the repercussions all over the country. Let him talk to any responsible businessman of any community or any part of the country to-day. He will find that the view that I am taking is not a personal view of mine nor is it the particular view of my community but the universal view.

Why is my Honourable friend doing this? He is going to bridge a gap of 57 crores, a gap which I have already tried to show him he can go a very long way to fill if he will deal with the tax-dodger, the tax-evader and if he will embark on a full-blooded economy campaign. But he is filling that gap by resorting to taxation of a kind which in the last resort will certainly destroy its own intention. Does my Honourable friend believe that this taxation will make for full employment? Is there anything more closely related to his social objective than full employment? This budget will lead industrialists all over the country to re-examine their position, to enter upon schemes of rationalisation and to cut down all employment to the minimum. Taxation of this order cannot lead to full employment: It is far more likely to lead to unemployment. Even that would have something to be said for it if it were offset by some great benefit that the poor man was getting from the Finance Member's budget. But when I examine the budget I do not find any such benefit in it.

On the abolition of the salt tax I have nothing to say. It was necessary as a concession to a popular demand—a demand which has a long historical background behind it. But my Honourable friend cannot tell me that the practical effect of the measure of the life of the common man is going to be to improve it materially. I am not opposed to the remission. I am merely saying that it is not correct to say "because I have lifted the burden of the salt duty I have done the common man a great benefit". I am using the word 'common man' here in the economic sense. The poor man will get nothing to make up for a risky

[Mr. P. J. Griffiths]

experiment which the Finance Member is undertaking. He is undertaking a great experiment which we believe will slow down the whole tempo of industry and will react to the detriment of the poor man. He is doing it for no corresponding benefit to the poor man in his budget which might be offset against it. I cannot stop today to discuss the various taxes in detail. We shall have an opportunity of doing that at a later stage. I merely say in passing that we disagree with the remark of the Finance Member that the business profits tax in the form in which he has suggested it is essentially a fair tax and that it must necessarily be a fairer tax than the Excess Profits Tax. I am not at all certain that he is right in saying that it is fairer than the Excess Profits Tax. In some ways it is more penal than that tax, nor has it a justification that the Excess Profits Tax had of being based on a determination that riches should not be made out of the war. I should discuss that also later. Why only other criticism about that particular tax today is that the arbitrary selection of a standard of Rs. 1 lakh as a limit seems to be thoroughly unsound. You cannot talk of small or large profits in the abstract. Profits are large or small according to their relationship to the capital charge, and it seems to me neither sound nor wise to take an arbitrary figure like Rs. 1 lakh and say if the business has profits above that level it should pay and otherwise it should not pay.

Let me just illustrate briefly one way in which this tax may affect the economic structure of the country. Suppose you have a man in a small way of business, shall we say, a grocer earning a profit of less than Rs. 1 lakh. Suppose too there is another grocer in the same town, also earning a profit of less than a lakh of rupees. Neither will be affected by the business profits tax. But suppose they decide to enter into partnership to build up a better business which could do better service to the community, they will both fall under the mischief of this tax. Separately and singly they will have to pay nothing, but when they join together they will pay Rs. 25,000 between them. What is the effect of that going to be? The effect will be to discourage big business and to encourage the maintenance of small—sometimes uneconomic—units. Some of my friend will say "Excellent, we would much rather have the small man."

But do my friends really believe that the small businessman can provide the answer to the problem of how to industrialise, that the small man can provide the finance, the technical knowledge, the experts and to the like? The small man can only function where great capital, great machinery and great technical knowledge are not required. He can be a grocer but not an industrialist. It is fantastic to think that you can build up industry in this country and at the same time discourage people from forming units of a size to make that industry an economic proposition. I will say no more about that now but we shall have much more to say about it later.

The capital gains tax gives cause for a little comment in passing, but I will not dwell for long on it as we will have another occasion to speak about it. It is quite clear to my mind that a tax of this kind, in spite of the excellent intentions of the Finance Member it will have another effect from that which he intends. Take for example a man starting a business. What does he want? He does not only want income. He wants to appreciate his business and to get a better price for it in ten years time. Is he going to be encouraged to do that by this capital gains tax? To put it in a different form, it also amounts to a tax on the depreciation of the rupee. Suppose I bought a house five years ago for Rs. 50 thousand. Today I sell it for Rs. 80 thousand. I am not a profiteer by reason of having done this because I cannot buy a house in place of that house for even the Rs. 80 thousand received as a result of my transaction. I am worse off than I was when I first bought it. Yet my Honourable friend says "you have earned a profit of Rs. 80 thousand and you must pay tax on that". It does not seem to us a well thought-out tax. I will discuss this also in more detail at a later stage.

One other point I must make before I leave this subject and that is we take particular objection to the fact that this tax has retrospective effect. It has perhaps not been appreciated in this House that the tax will be paid not only on capital gains in future but on capital gains made at any time as far back as March 1945. How can you reasonably ask people to pay the tax on capital gains which occurred twelve, eighteen or even twenty-four months back? Take the case of a man who sold his business last year. When he sold his business he must first have considered whether it was worth while selling and he decided that he will do so if he could get so many lakhs of rupees for it. He sold it at that price with no idea that nearly two years later he would be asked to come along and refund part of that capital gain to the Government. It is not sound to interfere with past transactions of that kind. I do hope when this Bill comes to be considered in detail that the Honourable Member will give a most careful consideration to this aspect of the question.

As for super-tax I will only say this that many of us believe that the existing rates are already almost at saturation point in the circumstances of the country. The new rates appear to us to be little short of fantastic. It may not have been generally recognised that the rate of increase in the rate here is far steeper than in the United Kingdom. Here you are to pay tax at a maximum rate on Rs. 1 lakh twenty thousand while you only pay the maximum rate on three times that amount in the United Kingdom—on 20 thousand pounds. I cannot stop to discuss this in detail except to say that this kind of crushing tax will drive the first-class industrialist out of business. People will not go on working and planning, building up great organisations, when they themselves are prevented from reaping reasonable profit from doing so.

The last point I have to mention concerns the export duty on tea. I am not primarily concerned with this tax because it is a tax on tea. I am not particularly worried about it as a representative of the producers. I am concerned with it far more because I believe that the whole principle of export duty is a dangerous principle. It is a tax which almost invites retaliation and which might result in the division of the world into water-tight trade compartments. I object to it because it is a kind of tax which may kill the goose that lays the golden eggs. The Finance Member thinks he is safe for the moment because Java is out of production, but the principle of imposing export duty is very likely to result in playing into the hands of our business rivals. I object to it also because it seems to me a form of profiteering. You are saying in effect "We can afford to put this duty because the commodity is in short supply; other nations will have to buy from us whether we profiteer or not". You cannot defend the moral basis of a tax of this kind. I shall speak about this at a later stage.

Finally, let me say this that these taxation measures at this stage have to be considered not individually but as part of a general picture. It may be that industry, business, professions could stand one or another of them. But we in this group do not believe that business in this country can stand the crushing effect of these combined taxes. There is opposition throughout the country—opposition not from people who in the past have proved themselves unreasonable or unwilling to help Government in their financial and taxation measures, but opposition from people who have been willing to bear excess burdens and who have often been the first in the House to support taxation proposals. We trust that the Finance Member will see the reasonableness of the opposition and see how far he can go to meet us. I want to suggest to my Honourable friend that it is desirable that at this particular period in Indian history new taxes should be introduced with the consent and even the goodwill, if that is possible, of those who have to pay. (Interruption).

I say it is a travesty of truth to maintain that economic interests never support taxation which hit them.

[Mr. P. J. Griffiths]

All I want the Finance Member to do is this. I want him to see if he can call a conference of the representatives of the different parties in this House. Let him put before us his difficulties and let us put before him our objections and difficulties with regard to the various kinds of taxation that he has proposed. It may be that if we have a conference of that kind there will emerge an agreement, together with modifications which he may be prepared to accept and which may make it possible for us to support his taxation proposals, and so ensure that they should go to the country with a guarantee a goodwill and reasonable reception. It is in no spirit of opposition that we speak. We speak with a full sense of responsibility when we say we believe that this taxation scheme is unsound and will bring to this country not prosperity but detriment. Today we are building the foundation of a new India. There are two ways of doing so. One way is the way adopted by contractors in many parts of the world making the foundations look all right but having no depth beneath them. The other consists in laying genuine foundations. Let our taxation proposals be so well considered that through them we may lay foundations on which can be built the superstructure of a great, prosperous and happy India.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

**Mr. Manu Subedar** (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, the Finance Member or any Member of his Department is not here.

**Mr. Siddiq Ali Khan** (Central Provinces and Berar: Muhammadan): His Secretary is there, and there he comes himself.

**Mr. Manu Subedar:** I would like to welcome and to congratulate the Finance Minister of India on this historical occasion when we are discussing for the first time a Budget which has not been dictated or directed or inspired from London. This is one of the most important occasions in the history both of this House and of this country, and I would like to pay this tribute to him. I would further like to say that I resent an attack on the Indian Finance Minister by an Englishman as much as he and his colleagues used to resent an attack and strong language used by me against British Finance Members. In the short time that the Finance Minister has been at the helm of affairs he has taken to finance like a duck in water. The manner and the tone of his budget speech testify to his great power of grasp—I do not mean grasping money but grasping all the intricate points and delicacies of finance. And, Sir, the most significant thing is this that he has himself done, according to his lights, his best to get over the deficit between the money in hand and the money to be spent. It is not without significance that he has of his own accord given notice of motions for sending to the Select Committee three of the most important items which are concerned. Sir, I cannot help recalling that for the last eleven years we have always voted against the Budget and we have succeeded in most years in throwing it out. There is no such occasion now; now it is a different story. We have our Finance Member coming before us, and I have no doubt—I do not share the disbelief or the suspicion of my Honourable friend Mr. Griffiths—that our Finance Member will not be less responsive or responsible to this House than were some of those men in the past who were overcome by a sense of prestige. They all thought that if they yielded to the wishes of this House, they were sacrificing the great British Imperial prestige. There is no such impediment now to a clear and close understanding of the issues involved. I would like to give the Finance Member and this House the standard and historical case where a popular Chancellor of the Exchequer as he then was—Mr. Neville Chamberlain—in 1934 brought a measure of taxing profits almost similar to what has been brought now, and in the light of criticisms received he withdrew the whole of that motion. In other words a popular minister has got a freedom and he has got the courage and I am sure Mr. Liaquat

Ali Khan will not be found wanting in such freedom and such courage to adjust himself to the best interest of this country.

Now, Sir, I would like on behalf of this House and this country to convey our thanks to the Honourable the Finance Member for the very robust, strong clear-worded assurance which he has given and the terms in which he has spoken with regard to the sterling balances. There is a conspiracy both in the United Kingdom in certain parties and it has got its links also in the United States of America, in Parliament, in Press and in correspondence. It has become an intolerable practice now that they are day after day sending out messages detrimental to the interests of this country. It is a very great pity that the press of this country keeps on printing such messages and such trash which suggests that India has not made adequate contribution to the war and that Britain is therefore entitled to a counter-claim. I am very glad that in no unmistakable language the Finance Member has rebutted it, and I trust that his words will be sent out by Reuter's Financial Correspondent who has been most guilty in this matter in sending out wrong information from this country. His words that—

"It must also be borne in mind that all this was because we not only bore out full share of our war burdens under the financial settlement, which was freely agreed to between H. M. G. and the then Government of India, but also had to strain ourselves to assist the United Kingdom and her allies in various ways.

I will not read more for lack of time.

Now, Sir, there is another direction in which the Finance Member has made history and has created a place for himself in history, and it is with regard to Salt Duty. This is the remnant of the much hated monopoly of the East India Company when they had a salt line across this country and when there was an endless privation for most people and interference with trade. This is the remnant and now that this is being abolished, every peasant in every part of this country is going to know that this is the beginning of self-rule and this is the end of British rule in this country. This, Sir, is something which I am very happy has been done at the hands of the first Indian Finance Member and Mr. Liaquat Ali Khan has in his portfolio a very great credit on account of this and the gratitude of the whole country.

Then, Sir, with regard to the gesture which he made to the poor in raising the taxable limit to 2,500. I say the gesture compares rather small with the gesture in the other direction, and I would request him to consider whether this limit could not be brought up to 3,000, at all events until the period of inflation still lasted and Government were not in a position to check this inflation.

Now, Sir, with regard to the tea duty, my Honourable friend, Mr. Griffiths, raised the moral issue as if India was doing something immoral and was profiteering on tea which was grown here. The Labour Member will doubtless attest to the condition of the labour in tea gardens. But I say that the Finance Member has acted in this direction also according to the declared wish and the real interest of this country. It is too late really. For the last six years tea has gone out from this country for others at a price much less than the price which this country was made to pay for tea, and if now the Finance Member, when he is hard pressed for money, raises this issue, surely there is no condemnation attached to him on moral grounds as my Honourable friend suggested. In fact my Honourable friend contradicted himself: In the first part of his speech he said that profit motive was the driving force of enterprise and production.....and then he tried, when it applied to certain other interests to appeal to high moral ideology. I want to bring to the notice of the Finance Member that the person who most condemned him has contradicted himself. With regard to the tea duty, there is not a single dissentient voice in this House that it is not a properly placed duty.

[Mr. Manu Subedar]

We commend and welcome the measures which he has announced with regard to the Reserve Bank and with regard to checking of speculation. I would merely say that it is not well that speculation should be checked. It should be taxed and if he examines it he will find that he has more money in taxing speculation which is anti-social in most of its aspects, than taxing any *bona fides* business of production.

The deficit of Rs. 56 crores has been worked out. I would like to mention Government's failure to collect Rs. 16 crores with regard to the explosion which happened in Bombay, which was entirely on account of allied measures and in any case His Majesty's Government must be responsible for it, if not the other allies. It was an American ship in which the fire took place first. I do not want to go into it but I want to say that there is 16 crores almost coinciding with the amount of deficit which has been indicated after all these taxes have been put. It has been indicated whether this deficit could not be met by economy. Government have very large balances in their hands and whether it is necessary not to cover a portion of this with existing balances; and lastly that this deficit is coincident with, and therefore caused by Rs. 45 crores which is set aside for grants to provinces. Has the Finance Member examined closely whether provinces which have surplus balances and which are rolling in wealth, are entitled to and must be helped by the centre by methods of taxation which he has adopted, and whether it is not time to call a halt? What has happened to the Australian Delegation which was going to decide the manner in which the distribution of central money was to take place? Where is the money for the Centre to distribute and is it necessary to raise all these hopes which are being raised in the provinces? I am glad that the Finance Member has indicated that so far as loans to the provinces are concerned, provinces will have to look to their own credit and very rightly.

In the case of economy, we welcome the Economic Committee which he is putting down, and I would suggest from what has come to my notice, that Mr. H. M. Patel has been making very good progress with regard to the amalgamation of the Departments of Agriculture and Food, if that is so, isn't it right that if he could be spared, I would like the Finance Member to examine whether such an official could not be put down straightaway into the initial fact-finding business with regard to the fourteen overgrown departments of Government; and lastly a word about the Defence Department.

Sir, the Defence Department is guilty of scandalous neglect with regard to demobilization. These are not the figures which we were told would appear against the Defence Department and they have been scandalously neglectful. I do not think, if left to themselves and by themselves they would ever come down, and I feel that now that there is peace, now that there is no emergency, now that the war issue cannot be raised, I wish the Finance Member will extend his long hand of financial control and also of the economic drive so far as the army is concerned. The economy itself during the next year, if examined, would cover most of the gap that we have. The point to consider is whether in order to fill up whatever gap remains after very close examination it is necessary to resort to direct taxation on this very huge scale. I would like the House to see some figures which I give them with regard to direct taxation in different countries. In the U.S.A. direct taxation is 56 per cent. of the revenue before the war as against 78 per cent. In the U.K. it is 58 per cent. as against 64 per cent. Now I want you to notice the figures for India and I trust the Finance Member will reflect on this phenomena. In India direct taxation before the war was 21 per cent. It has already risen to 67 per cent. and the Finance Member now proposes to raise the direct taxation to a very much heavier percentage. Then, Sir, it is not a permanent solution of the business. It is a patch-work solution because I do not think the Finance Member could have given all that thought to

this subject, which, it was indicated by his predecessor, was necessary. May I read from his predecessor's speech with regard to the appointment of the Taxation Committee. He said:

"That in order to produce a properly balanced scientific tax structure fair in its incidence and adequate to the needs of a forward development policy *without deterrent effect on initiative and private enterprise* and with due regard to the administrative requirements for the prevention of tax evasion."

In other words, a committee had to examine all this and to examine without deterrent effect to any initiative or private enterprise. Is it possible, Sir, that within the very short period when numerous political and other important events were occurring outside that the Finance Member has given all his attention to the whole taxation system and have now devised a scheme which answers most of these conditions? I think it is not possible and I think it is very necessary in this matter to avoid any misplaced confidence particularly because already the effect of direct taxation in India is regressive. It could be seen in every figure it has produced in respect of apparently inflationary conditions. The thing is shrinking and if it is shrinking could it be relied upon for all times as a permanent basis?

Now, Sir, coming to the business tax, which is proposed to be levied, I would like the House to notice that all the apprehensions expressed from all sides should not be altogether without some ground. I will say straightaway that I dissociate myself with the section of the press which has attacked the Finance Member as having adopted a vindictive spirit. That is a wholly wrong attitude and it is an entirely misplaced use of words. What vindictiveness? And against whom? He is faced with a difficult task and he is doing it according to his lights in the best possible manner. But I think it is the wrong type of attack. I have no sympathy also with the outcry that everything is ruined and everything is finished. And I do not think that these taxes are in themselves of a wrong frame or they could not find a place in the tax system of a country but I am emphatically of the opinion they are mis-timed. Psychologically they come at a wrong moment when the Indian situation and conditions have not sufficiently settled down, and it would be most inadvisable to push on with these proposals at the time and in the matter in which they are put. If these are the very taxes which we have ultimately to consider, I have no doubt that in the Select Committee, and by the type of informal committees suggested by Mr. Griffiths, the outline could be worked out. But take the immediate effect: The stock exchange is the most sensitive measure of present conditions as well as future conditions and the effect on the stock exchanges in India has been remarkable. I hope that it will be shortlived and that again the normal procedure would go on. But one has to think.....

**Prof. N. G. Ranga** (Guntur *cum* Nellore: Non-Muhammadan Rural): Cannot you have it manipulated?

**Mr. Manu Subedar**: .....whether by the action of the State it is desirable to create conditions that may precipitate a financial or economic crisis. Both these are connected and I do not now want to go into the distinctions which exist for lack of time. But I do think that this tax requires close thinking out. In industry there are several people who are interested:—there is labour, there is the consumer and the community which wants the production, there is the small managerial staff and lastly there is the top business men—the manipulator and financier in some cases as you call him. But in trying to hit the manipulator and financier, please see that you are not hitting the whole range of other people and you have to see whether the flow of capital in investments for industrial purposes is not seriously checked, whether it will not be dried up, whether the expectation of returns should be so abruptly cut down as to stop development work. The question is whether private party

[Mr. Manu Subedar]

has to do the enterprise or the State to do it. If the state is not yet ready to do it until all the preparations have been made for the state to undertake these large ventures, private parties ought to be permitted to do it in a manner in which their relations with the investing public and the flow of capital on which they necessarily rely are not seriously checked. Nor is the Government proposing to create a fund. I can understand if my Honourable friend had brought in a proposal in order to create a fund into which all this money will go and that fund will be used for industrial purposes or any other purpose. I would merely mention that with reference to the Industrial Finance Corporation Bill, Sir Archibald Rowlands made a statement that private enterprise and private production has to go on and this was necessary and my Honourable friend himself in introducing the Bill in November has used identical language in the Statement of objects and reasons. His views could not have changed in a few months. Therefore I think there should not be too abrupt a breach with the ideas on which the economy of the country has been based.

Take the question of the Corporation Tax. Only last year it was brought down by one anna on the ground that it would enable joint stock enterprise to function and to prosper. This year the Honourable the Finance Member proposes an increase. I say that this is a very abrupt breach with ideas which were only expressed yesterday and accepted by all sides of the House, so far as that part was concerned.

There are various changes in the business tax which I would have liked to propose had there been time but I would say this that the business tax hits the small holder of say five shares in any company (the number of such small holders in the bulk is very considerable) whom it is not the intention of the Finance Member to hit. As for the big holders, they are already involved in the changes in the super tax limit. Now that you have reduced the maximum applicability of super-tax rates to a lower level most of them will be involved in that and therefore your purpose would be well served if you leave the joint stock companies altogether out of the operation of the business tax. In the alternative, you have still to consider whether the one hundred thousand arbitrary limit which is unjust in its application, to small as well as very large companies whether it should not be altered to some kind of co-relation with the amount of capital employed at 5, 6 or 7 per cent., after which the profits can be brought in for the purpose of this tax.

Lastly I would say that the amount of yield from this tax is terribly underestimated and I think even the 12 per cent. if other conditions remain the same would yield more than the amount mentioned by the Honourable the Finance Member.

There have been a series of measures taken against black-marketeers and those who not only deprive the state of its proper share by not paying their taxes but also rob the community by charging unconscionable prices. The measures taken by Sir Archibald Rowlands against these anti-social elements were bank inspection, restriction of bank branches, the one thousand rupee note Ordinance, etc. The measure which the Honourable the Finance Member has proposed is one which we all welcome, namely the Tax Investigation Commission. I only hope that as the other measures have failed, care will be taken that this measure will not fail. The sentiment and enthusiasm of the community ought to be roned in by the Government and then only the measure will succeed and it should be seen that what is set up for a particular object is not abused and innocent parties are not harassed by measures which may be legitimately taken by such a commission in the course of their investigation.

With regard to the desire of the Honourable the Finance Member to help the poor, I entirely share with him his idealism, I share the ideology and feel

that the lot of the poor in this country is unduly bad and I would like to commend to his careful perusal a report which as Chairman of the Cotton Industries Committee I have just signed in Bombay for the Government of Bombay.

I would also like to throw out a suggestion for the Honourable Member's examination, as to whether for a period of two years all import duties on such things as steel, cement, sugar, paper, timber and cloth, should not be suspended in order to break the black market in these commodities and to enable the pushing forward of the housing programme of Government in which Government professes profound concern. Though Government wanted to encourage with all measures to implement this building programme, they have not so far a single achievement to their credit in extended house building for private enterprise.

Then, with regard to the tax on capital gains I may say that when all new taxes are imposed there is an innocent looking excuse. For example, when the income-tax was imposed it was suggested that it was temporary. When the super tax was introduced a 50,000 limit was put in but the limit has been reduced to 25,000 and I have not found anybody suggesting that it should be raised back to 50,000. Similarly this capital gains tax is in my opinion a snare. In the U.K. in spite of their very great financial needs they have not been able to impose any tax in this form and we have gone far to find a model in the U.S.A. In the U.S.A. there are all sorts of allowances and reliefs which are not provided here and generally it seems to me very risky to undertake it. The Finance Member has proposed to carry losses. This is an age of inflation and every thing is top-heavy and ultimately when we find the proper levels there may be more losses than gains in the next five years. I do not like my country's Government to undertake this risk. I do not suggest that the Finance Member having anticipated Mr. Griffith's attack has put in this tax in order to rope in all the inflated price transactions which have taken place between Britishers and Indians. I do not think that that was his direct intention though that will be the effect. But if his intention was to touch those who have found the money to buy at these inflated prices, that would not be served by this particular measure. When a man sells his property, jewellery or assets in India either due to distress or death in the family or partition, it is not the occasion when Government should come round and ask for a heavy tax. The tax is at the same rate as normal income-tax. If a family's income is Rs. 3,000 a year when they sell a house for Rs. 50,000 the tax proposed is Rs. 25,000. Is this fair? It is in my opinion extremely unfair to impose the normal current rate on what is a periodical and infrequent transaction on the part of a family. I think the amount which the Honourable Member expects from this particular tax is an under-estimate. In my opinion this particular tax needs very careful revision. In any case if such a tax was necessary at all I would not want it to have complications with the income-tax. I would like it to be an independent levy. Put a levy at a flat rate of one anna in the rupee, which will avoid complications. I do think that the State will be taking a risk which I would not like it to undertake. It is a risk to carry forward losses. Even the Finance Member has accepted the position and the worst that can happen will be that the transactions will cancel each other out. It may not happen at all. You have to carry forward losses on behalf of a family for many years. You will ultimately have to do what has been done in France and Germany, *viz.*, confine this tax to the sale of shares and for a period of six months. All sales within six months only should be liable to it. The whole question of this tax needs very careful examination.

In conclusion I will only say that a popular Finance Member who presents for the first time a budget in this House will not be less responsive or less responsible to the sentiments and feelings of this House on the proposal which he has made and I am sure the bogey of prestige will not intervene in the way in which the Finance Member handles these proposals in the Select Committee.

as well as in this House.

**Sardar Mangal Singh** (East Punjab: Sikh): Sir, I congratulate the Honourable the Finance Member for his bold speech which he made as the first Indian Finance Minister. His speech was a definite break with the past. I noticed on that day that the papers of his speech were tied not with red tape but with a green tape which symbolises with the fact that the democratic regime are ushering in an era of prosperity and well-being in which all alike will participate. He

made the welcome announcement of the abolition of the salt tax  
 3 P.M. which is not only a concession to public sentiment but which I think is an act of the greatest justice to the millions of poor people of this country. He also announced the nationalisation of the salt industry. He then went on and announced the nationalisation of the Reserve Bank and the control of stock exchange and of the financial settlement. All these were welcome news for which the Honourable the Finance Member deserves the sincerest congratulation and gratitude on behalf of the people of this country. He also announced that the exemption limit of income-tax will be raised from Rs. 2,000 to Rs. 2,500. Here I must confess that he was a little bit harsh. This exemption limit should have been raised to at least 3,500 or 4,000. In this age of inflation people with incomes of Rs. 300 a month are hard put to carry on. He should consider the difficulties of the lower middle class people who find it difficult to make both ends meet.

Then there are the taxation proposals against which a great howl is being raised. I do not propose to deal with them in detail, but I would request all these big millionaires to come forward at this time and help the country which is in difficulties. Our National Government wants money to cater for the lot of the poor people, and where is this money to come from? My Honourable friend, the Leader of the European Group, and my Honourable friend Mr. Manu Subedar said that these taxes were very crushing. But they did not suggest any other means as to where this money is to come from which is needed by the National Government. I hope that Indian businessmen are patriots. They are lovers of their country. They will gladly come forward to agree to these measures and probably to much more harsher measures to help the country to come out of this difficulty. My Honourable friend the Leader of the European Group said that our masses want education and we must raise their standard of living. If the National Government has to do that they want money. And money can only come from those people who have got money. This is a straight and simple position. Why all this howl? All these millionaires have heaped up a great mass of money during the war. How have all these textile millwallahs behaved during the last seven years? They have sold cloth and they have flourished on the miseries of the poor Indian masses. Today I cannot get any piece of cloth at Connaught Place or any other place. But if I am prepared to pay five times the price I can immediately get any quantity of muslins and various other kinds of cloth. Who is doing this? All these people are now coming forward and saying that this taxation will crush industry. My Honourable friend the Leader of the European Group said that unless there are sufficient profits these people will not come forward. I can tell him that I expect a better standard of morality from my own country-men. They will not work for profits. They will work for the great ideal of service to humanity. They will come forward even at some sacrifice to help the country and I therefore request the Honourable the Finance Minister not to be hustled in by this great howl of various millionaires of the country.

I welcome the setting up of an Investigation Commission. I will request him to look into another matter in this connection. The press of our country is going into the hands of the millionaires. This is a dangerous development. I will request the National Government to make such arrangements that the press of the country is really able to voice the feelings and sentiments of the people and not of the vested classes only. There is great competition going on among the

millionaires of the country in this matter—Tatas, Birlas and Dalmias. I say this is a dangerous development and the government of the country should take early steps in this direction. Otherwise they will be too powerful. They will not allow the National Government to follow the programme which they intend to do.

**Dr. Zia Uddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Ration the ownership of the newspapers.

**Sardar Mangal Singh**: I have given a hint. It is for you to follow.

Coming to another aspect of the Budget, namely planning, I must confess that the Honourable the Finance Member was halting and lukewarm. The Government of India have planned a five years programme. My Honourable friend the Finance Member has planned and we have had so far only one year's plan. He says:

"Until the constitution of the authority or authorities to which the powers and functions of the present Central Government will be transferred is known, it would be hardly prudent to rely for the quinquennium in question on a system of provincial and Central finance based upon the existing constitutional structure. But as I have said before, this does not mean that for next year we should not proceed with our economic programme. . . ."

Planning for a year is a very short term planning. Nowhere in the world has such a planning been attempted and I hope that the Finance Member will review the position. I am reminded of his remark that until the constitutional position is known, planning cannot be proceeded with. I wish to submit that planning can be taken up irrespective of what the political developments may be. We have to plan for the people. The worst thing that can happen is that there will be more than one Centre and in that case the liabilities could be divided and could be proportionately allocated to the different regions. I do not think this political settlement should stand in the way of planning. The Finance Member has taken a gloomy view of the long term Central planning. Unless there is a Central direction of the planning, it will be difficult to carry out any effective planning and it is not advisable to carry on planings in various places of India. I think the Honourable the Finance Member has fallen in line with the orthodox school of finance. He has recommended measures which would no doubt lower the cost of living. I sympathise with him in this matter but I wish to sound a note of warning in this respect. He has appointed a Commodity Prices Board and he has recommended in his speech the appointment of a retrenchment committee which he has called in soft language an economy committee. Now he wants to bring down the prices by arbitrary methods of price control and by retrenching people and thus producing unemployment. Now, this will be a dangerous thing. I wish to remind him that in England, Australia and Canada and other agricultural countries they are producing a great many things and in the very near future those consumer goods will be dumped in India at a price below the production price and if we also in this country produce unemployment and reduce the price of things arbitrarily without producing any consumer goods, then it will lead to black marketing, unemployment, uneasiness and the country will be going forward to the crisis which we had in 1931-32. In a country like India, the per capita income is very low and inflation can be fought with more production but not with arbitrary fixation of prices. I hope he will look into this aspect. After all inflationary methods have something to recommend themselves. Even at this time if we finance our industries and our business by inflationary methods, I am not one of those who will get unnecessarily panicky. I do not mind if money is expanded and our economy is financed so that the lot of our people may become better than what it is now.

The Finance Member in his speech reminded the provinces that they can borrow and they can improve their resources. Last year the Finance Member introduced an Estates Duty Bill about which he has not mentioned anything. The proceeds of this are to go to the help of the provinces and about borrowing

[Sardar Mangal Singh]

I wish to ask what is the policy. Has cheap money succeeded last year and does the Finance Member think seriously that the provinces will be able to succeed where the Government of India have failed. I would therefore ask him to take steps to provide money for the provinces to carry on their future planning and raising the standard of living of the people. I would not take up any more time now. I wish to mention some other facts but I shall do so at a later stage when the Finance Bill comes up for consideration.

**Sjt. N. V. Gadgil** (Bombay Central Division: Non-Muhammadan Rural): I shall try to confine myself within the directive which you pronounced early this morning. The fiscal policy of a country, as I understand it, is not an end in itself. It must subserve and be subordinate to the national policy and from that point of view I propose to offer a few remarks which I hope the Finance Member will take in the best possible light.

In his speech he stated that he had kept before his eyes certain social objectives and he was rightly eloquent over the fact that in this country the inequalities in wealth were so much and so distressing that the time had come that something must be done towards their removal. I propose to discuss the Budget both from the fiscal point of view as well as from the point of view of social objectives. It is clear from the various facts and figures which the Finance Member gave that there is going to be a big deficit. Some of us may not agree with the estimates about revenue, the estimates of expenditure but allowing a fair margin the fact remains that there will be a considerable deficit and it is no prudence or financial wisdom to allow deficit year after year and therefore in order to keep the credit of the country in a perfectly sound condition, it is necessary that something must be done towards wiping the entire deficit or at least to do it to a substantial extent. Therefore it is clear that there is a case for increase in taxation. If that is so, we have got to see in what way we can increase taxation bearing in mind that every tax has to be considered from a number of points of view—its effect on production, on distribution, on the ability of the nation to save and the psychological effect on the individual and the community. If we were to judge the proposals by these tests, it will be found that they do not answer substantially these tests. In the first place he stated that his object was to remove inequality. Of all the institutions that go to contribute to the economic life of the country, none is more responsible for the perpetuation and promotion of inequalities than the institution of inheritance. My friend Sardar Mangal Singh was quite right in referring to the fact that the Death Duty Bill was already before the House. It was circulated by an executive order for eliciting public opinion. I may also tell the Finance Member that it is perfectly consistent with the Quranic injunction to which he referred in his speech; because it is that institution which circulates wealth in a very small circle. Death duty is already a part of taxation system in modern Turkey as well as in Egypt. So, there cannot be any objection on religious grounds so far as that duty is concerned.

I submit the economic aspect of inheritance is much more than most of us are prepared to concede. It means power, not only social power and political power but power in the economic and industrial field. Therefore, if he is so anxious and he must be anxious from the general point of view to remove inequalities as far as possible, he should proceed straightaway with that Bill for the imposition of death duties.

Now, so far as the present proposals are concerned, they virtually answer only one purpose, namely, they have some sort of effect on better distribution of wealth. But distribution is a consequential thing although it is of great consequence. The primary thing is production. Now, I have got to consider whether all these proposals taken together will affect the production of wealth in this country in the way in which he desires. An apple, although it may be cut into equal pieces, will not create another apple. For that, some other remedy has got

to be found. The Indian capital is no longer shy. I have seen some of the criticisms that have been offered in the course of the last two days about the budget proposals and it is impossible to conclude that the Indian capital or capitalists are shy. I do not want to say what it is, but one thing is clear. If in the present circumstances, we are not able to get on with them for some time, they can certainly mar the future of this country. I may tell this House that I hold no share in any industrial or commercial concern. I hold one share in a newspaper concern, but it has been repressed so often by the British Government that during the course of the last 12 years I have not got a single farthing by way of dividend. Another share I hold in a co-operative credit society, to which I have often to go for loan. If, therefore, I make some suggestion, I am sure it will not be misunderstood, as I hold no share and I hold no brief for anyone except myself and the common man to whom the Honourable the Finance Member is so anxious to help. Now, what I want is simply for the common man. What I want is that the standard of life of the common man must be raised. What I want is that he must be at least a little more happy than he has been so far. Now, you must have seen that all over the country we find strikes and retrenchment. Now, retrenchment means that there has been less and less employment, and there cannot be employment unless more and more industries come into existence or the old industries expand. Increased production is the need of the hour. Now, I am taking all these taxation proposals together and I agree with most of them in principle but I am yet to be convinced that they will help in stepping up production. If the Honourable Member is able to convince me that as a result of these taxation proposals, production will not go down but on the contrary, will go up at least a little higher, then I am with him.

**Khan Abdul Ghani Khan:** Is there any country in the world where taxation has proved to be an incentive to production?

**Sjt. N. V. Gadgil:** I agree with you there, but the reality is that if you do not want any personal incentive, then you must have nationalisation. The profit motive must be substituted by the motive of public service, and that is exactly yet to come. It will not be enough if only a few individuals are actuated by public service motive. It must be a part of the social psychology. I agree with Honourable Mr. Ghani that the industrialists and the big capitalists do not deserve any sympathy. I know that the ideal of a finance system is that the taxation must be fair and just and that it must secure the maximum social and economic benefit. But this ideal is often qualified and modified in this imperfect world by the psychological and political factors and the economic theory and doctrine rarely get full chance to work. When I first heard his speech, I was happy and I am still happy, I am not sorry at all, because these millowners and the capitalists have robbed the country in the last six years so much that one must possess an extraordinary amount of generosity to forgive them or even to talk one good word about them. But having said that my problem is not over. Abuse does not solve it. My problem is how I can go ahead with full employment? How can I go ahead with increased production, so that what the Honourable Member has in view, namely, the improvement of the common man's lot, is achieved. I therefore, respectfully submit that we must, when we agree that there is a big deficit, help the Finance Member to make up that deficit to a considerable extent. What are the means and what is the mechanism whereby we can do it without harming the industrial structure as it is today, is a responsibility which is not so much on him as it is on us. When I say that the responsibility is on us, it is precisely because the political circumstances have changed and he would not like his Finance Bill to be certified, because he is a member of a Government which, though not technically responsible, is in reality responsible to this House. Therefore, he would like to meet the wishes of the House. But he must be convinced that his proposals are, though

[Sjt. N V. Gadgil]

conceived in the best interests of the country, not calculated to increase production. I, therefore, suggest that it may be by modifying some of them and even by abolishing some of them because there is no prestige involved in a good cause, we may be able to create conditions under which production will increase. But I still think that there is no necessity to reject them. I have given some thought to all the four proposals. I do not think they deserve rejection. At the same time, I do feel that some of them may be modified with the sole view of securing money needed and production desired. Today we are all talking about the black marketeers and the tax-dodgers, who have all made enough money. That money will not come from its underground existence into the open market. But if you allow it to be encouraged, it will all come out within the course of a year or two and then you can swoop on them. It is a matter of tactics; it is a matter of understanding. What will happen today if we go ahead with these proposals? Those who have become rich, I call them the new rich, the Government contractors, the bribe givers and the bribe takers, they will think ten times before they invest their money, because they know that investment will yield nothing. So, they will spend their money here and there. They will not buy property because you are also coming on the buyers of property with a heavy hand. Therefore, you must allow them sometime so that they may feel secure that there is nothing doing now. They can then come out in the open market and you or your successor will nettle them all right when the whole money comes out in the open market. That is how I will put my strategy before this House. (*An Honourable Member*: Here goes the wily Mahratta.) I do not exactly relish that compliment, but if 'wily' means a man of wisdom, I agree.

I do not want to take any more time of the House, let others may have a chance. I only want to suggest once more that let us understand that when everything is unstable in this world and when the Finance Member says that the transfer of power is impending, we should have it in peaceful atmosphere. I agree with him when he says that when the transfer comes it must not be a transfer from the Imperialists to Indian multi-millionnaires and the big bussiness. Therefore it is all the more necessary on our part in this critical moment to see that on the one hand the present industrial organisation remains intact to answer the purposes which we have in view for some time, and at the same time to see that money's power of mischief is crippled to a very large extent.

**The Honourable Mr. Liaquat Ali Khan** (Finance Member): That is what my proposals aim at.

**Shaikh Rafiuddin Ahmad Siddiquee** (Chittagong Division: Muhammadan Rural): I congratulate the Honourable the Finance Member for the unique, unprecedented, and historic Budget that he has presented to this House as the first Indian Finance Member of this House. I say that the Budget is historic and unique and unique because it is unprecedented in the history of British rule for the last 250 years in this country. In the past we found that the old bureaucratic Government always taxed the people of this country for the upkeep of the fat-salaried officers and maintaining White Army for continuing British Imperialism in India. I am glad to say that this unique Budget has neither touched the pocket of the middle class people nor the poor, but it has only touched the pocket of those who are rolling in wealth. Speculators speculated in many things but all their speculation ended in smoke. I am not unmindful of the fact that most of the Industries in India are already in a crippled state and have not yet been able to build up adequate reserves for the dark days of the future. My humble suggestion is that the infant industries of this country should not only be given adequate protection from foreign competition but Government should also subsidize such industries when they are in need.

I thank the Honourable the Finance Member for the relief that he has given to the people whose income is below Rs. 2,500. I should have been more glad if he had given relief to those people whose income is not more than Rs. 500 per

month because in these days the prices of all commodities have risen more than four or five times, and people whose income is round about Rs. 500 per month can hardly maintain their families and educate their children properly. My humble request is that the Honourable the Finance Member should find out ways and means of giving relief to those whose income is not more than Rs. 500 a month, and he should tax the richer people for the benefit of middle and poor classes.

I am also not unmindful of the fact that the Government requires more money for the ever-increasing nation-building projects, uplifting of the masses and for her defence services in order to protect India from foreign aggression. Indirect taxes should in future be raised more carefully so that the people may not feel the burden of taxation and it should be with the object of running the Government more efficiently.

I also congratulate the Honourable the Finance Member for the heroic stand that he has taken in the just cause of India in connection with the sterling balances due to her, and the proposed nationalization of the Reserve Bank of India.

I once more congratulate the Honourable the Finance Member for the abolition of the salt tax but I would have been still more happy if instead of abolishing this tax, the entire income of the salt tax had been earmarked for the uplift of the masses—imparting free education, free medical aid, and rehabilitation of the poor people—in addition to the relief which the Government now proposes to give. The abolition of the salt tax sounds very well, but in actual practice it will mean very little relief because the law gives liberty to the people to manufacture salt for their own consumption, and those who are unable to manufacture salt would not mind paying half an anna or one anna per seer. The middle men and retailers will of course be benefitted.

As far as I remember, the late lamented Gokhale once tried to double the salt tax for the mass education of the poor but he was unsuccessful in his attempt in those days of bureaucratic rule.

With these few words, I support the Budget.

**Dr. P. G. Solanki** (Nominated Non-Official): Sir, I most heartily congratulate the Honourable the Finance Member for bringing forward this Budget this year. This is a Budget for the relief of the poor man, and not for the big capitalists and big merchants and mill-owners who have hoarded large amounts of money during all these years of war. There are two sides: One side is finding faults with this budget by declaring that it is a crushing blow to the industries of India when India is trying to be more industrialized and when the administration is in the hands of the people's Government. Sir, if India is not to be helped by these over-rich people, who is to help it? The British Government during their times always taxed the poorer classes and the masses. At that time none of the members in this House who belonged to the class of capitalists ever spoke a word against the taxations proposed by those Governments, but this time when the taxation falls on the broad shoulders of the rich people, there is such a hue and cry all over the country, and the cry is from the merchants and Indian Chamber of Commerce, as well as the European Group. My Honourable friend, Mr. Griffiths, says where is the money to come from, when the industry is going to be ruined. From my own knowledge I can give you the source: Money will come from the Indian capitalists who have always been particular about getting big interests on the capital which they lend to people who want to start some sort of business and industry. Take the instance of the cinema industry, in cities like Bombay, Calcutta, Delhi, Karachi and Madras. I find people coming to these cities from all parts of India to start this cinema business. Those people who want to start this business have no money. But somehow or other they do find out a financier who has his money hoarded up lying idle without interests. Such financiers are always available and they charge very high rates of interest

{Dr. P. G. Solanki.}  
on the amount they lend. Such people are interested and are anxious to get the interest money regularly. They do not worry much about the capital because the new concern started is in the possession of the financiers. They know that they can recover the capital from the assets. In the same way, big capitalists and financiers may not in the beginning come forward to help, but later on there will be many monied people coming forward to lend big sums on such industries provided that they are assured of a good interest on their capital. Mr. Griffiths has said that the poor man needs relief. The poor man and the people from the masses do require education, food, clothing, good houses, medical relief, etc., and other necessities and amenities of life. Whose fault is it that these poor toiling masses who are labouring hard to take out their maintenance get nothing? In fact they cannot get even half a day's meal because the people who engage them as labourers exact very hard work from these needy labourers, generally have no sympathy for these half starving people. Many employers of labour always grudge to give them sufficient money which may give substantial relief to them. Because of the parsimonious, miserly and greedy habits of these rich people, the labouring classes are always in need. If only these rich people were generous and liberal the workers would be a bit comfortable. There are honourable exceptions of some generous people in this country who have always supported the poor people and paid them handsomely and liberally. They are few and far between.

Sir, this budget has been brought for the benefit of the poor and the middle classes. This budget has been known as the common man's budget. Its first relief has been the abolition of the salt tax. It was the cherished desire of our great Mahatmaji to abolish this tax long time ago. After great agitation and fighting with the Government for years together, after long last the present people's Government's Finance Member has come forward with courage and boldness to declare the abolition of the salt tax which the British Government could not do. Last year the budget brought by the then Finance Member was known as the Capitalist budget or Rich man's budget. This year it is known as the "poor man's budget" and relief has been given by the abolition of the salt tax. Mr. Griffiths cannot realize it but the poor man in the villages and the poor workers in the leather industries will be very much benefited as well as the agricultural and chemical industries because they need it for carrying on their chemical and scientific industries. The result is that such men will be much encouraged to carry on in their own business and industry.

Coming to the education of the poor man, in the villages it is very much needed. I bring to the notice of the Honourable the Finance Member that the amount of Rs. 8 lakhs which has been earmarked for the education of the scheduled classes is very inadequate. This amount must be increased to Rs. 10 lakhs. This increased amount of money is spread over ten to eleven provinces and as the money is going from the Centre, it should be distributed according to the needs of all the provinces for the benefit of the scheduled classes. I earnestly request the Honourable the Finance Member to sanction this amount of Rs. 10 lakhs in the budget this year 1947-48.

As it is well known and I need not dilate at length upon this, need of the Scheduled castes. The cause of the Harijan is dear to Mahatmaji, and his admirers and followers to some extent through the Harijan Seva Sangh. But it is Government's duty to bring up these downtrodden and most neglected section of the people of India by giving them very good education throughout India.

I do not want to take up more time but I wish to give my heartiest congratulations for the courageous statement of the Finance Member to come to the rescue of the poor people though he knew that all the rich and the multi-millionaires will come down upon him and criticise this budget ruthlessly. They have been doing that for the last few days through all the papers and the press

which are under the control and ownership of these big capitalists. It is a great nuisance and a danger to the country that most of these papers have been bought over by these capitalists. They get published articles in these papers giving coloured and false news to misguide the ignorant illiterate masses. The result is that they are exploited by such vested interests through their agents and such organs—labourers, workers, and the masses are unaware of things which are happening in the country politically as well as industrially.

With these words I again support most wholeheartedly the budget which has been placed before this Honourable House.

**Pundit Thakurdas Bhargava** (Ambala Division: Non-Muhammadan): (The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 3rd March 1947. English translation given below.—*Ed. of D.*

Sir, I offer my sincere praise for the budget to Honourable the Finance Member who possesses real sympathy for India in his heart. I feel happy that the first Indian Finance Member has placed a budget before the House the idea behind which is a source of joy for everybody. First of all, I congratulate the Finance Member for what he said about the Salt Tax and the action he has taken in this respect. On the 27th March 1946 while discussing the budget I said: "Every poor man wants that this Salt Tax should be taken away. I should, therefore, think that this Government will never understand the implications of this duty; and as I submitted before the first act of the first National Finance Member would be to take away this duty."

I am glad that my prophesy has come true today. At that occasion Mr. P. J. Griffiths (Assam-European) jeered at me and said, "He will probably double it." I replied, "Let us wait and see". Mr. Griffiths in reply said, "He will have to." With due deference I say that my prophesy has come true and Mr. Griffith's prediction has proved false. Taking advantage of the occasion I do not want to go into the reasons for which a number of persons opposed the abolition of this tax. I will content myself to saying that today is the occasion of jubilation for everybody—whether rich or poor—inasmuch as the abolition of the salt tax is beneficial to everybody.

Secondly, I congratulate the Finance Member for raising the minimum exemption limit for income-tax from Rs. 2,000 to Rs. 2,500 for the benefit of the lower and middle-class people. It would have been a matter of still greater joy if he had raised the limit instead of Rs. 2,500 to Rs. 3,000 or Rs. 3,500 but the deficit was so great that he did not think it right to go beyond this limit. Moreover, I offer him praise for the words which he has used in his budget-speech in respect of the Sterling Balance. No stronger words can be used to plead the case of the country. I know the Honourable the Finance Member has real sympathy in his heart for the people of India. He would certainly take similar courageous stand when discussions take place regarding Sterling Balance between the British and the Indian representatives. The Finance Member has said on page 25 of his speech: "India is a land of glaring contrasts and disparities." It is true. To remove this condition several plans have been proposed of which I will speak later on. At present I will, with due deference, draw his attention to one such "glaring disparity". I have been referring to it for the last 20 years on the floor of this House. It is this . . . . .

**Shri Sri Prakasa:** Look, there is disparity between the Finance Member's and my clothes.

**Pundit Thakurdas Bhargava:** Sir, in a joint Hindu family of a father and three sons with an annual income of Rs. 10,000 the tax will be levied on Rs. 10,000; that is to say, according to the minimum exemption limit of Rs. 2,500 each member of a Hindu family of four persons will have to pay the tax although his income amounts to Rs. 600 only. In other words a

[Pundit Thakurdas Bhargava]

person earning Rs. 40 or Rs. 50 per month will be taxed while in a joint non-Hindu family whether Christian or Muslim the annual income of Rs. 600 of each of its members will be free from taxation. I have made calculations in rupees and have reached to the conclusion that according to the new tax a Hindu family of four persons (I give this example because a Hindu family consists of at least 4 or at the most 8 members) that is to say, a father and his three sons, with an annual income of Rs. 300,000 will have to pay, as calculated by me, Rs. 251,467-8 as. as super-tax and income-tax and only Rs. 48,533-8 as. will be left to it. If the sons live separately, as they usually live, then each member of the family with an annual income of Rs. 3 lakhs will receive Rs. 1,011—2 as. monthly as his share, while a joint non-Hindu family consisting of a father and three sons with an annual income of Rs. 300,000 will save Rs. 1,66,631 after paying the tax and each of its members will get Rs. 3,471-7-8 ps. monthly as his share. If you apply this calculation to a family with an annual income of Rs. 400,000 the disparity will be further manifested.

**Shri Sri Prakasa:** Then change the religion.

**Pundit Thakurdas Bhargava:** A family with an income of Rs. 400,000 will pay—

	Rs.	a.	p.
(1) Super tax . . . . .	349,184	0	0
(2) Income-tax . . . . .	190,997	12	0
(3) Special tax . . . . .	100,000	0	0

thus, out of Rs. 400,000 a balance of Rs. 50,816-0-0 will be left for the family, and each of its member will have a monthly saving of Rs. 1,058-10-8 ps. But a non-Hindu family earning jointly will pay—

	Rs.	a.	p.
Income-tax . . . . .	28,498	12	0
Super tax . . . . .	24,218	0	0

thus each of its members will save Rs. 47,282-12-0 that is, a monthly saving of Rs. 4,000. I want to know what has a joint Hindu family done that its income is reduced to 1/4th in comparison with others? I point out this disparity because it exists in the taxation also. For the last 20 years I have been drawing the attention of each Finance Member to it and each Finance Member, admitting the truth of what I say, promised to look into it. We have been told that a Taxation Inquiry Committee will be set up to go into it. With due deference I assert that it cannot be remedied in this way. You will find this disparity in the new bills in respect of super-tax and Capital gains. Besides, may I ask, can a small object be equal to a large one? A family consisting of more than one individuals, cannot be equal to a family of one individual only. According to this decision the smallest family and a family which may consist of many individuals will be equally taxed. This is illegal. I know super-tax existed. It was fixed for the members of a Hindu family at Rs. 75,000 while for an individual it was reduced from Rs. 75,000 to Rs. 50,000. Again, the second Conference of the Capital Council defining property gave the following definition of an individual. The tax will be levied on the difference between the price of the property obtaining in January 1939, now gone very high, and that obtaining at the time of its transfer. But, for a Hindu family another measure has been adopted. The value of the property at the time of its possession by its previous owner, no matter if it was 20 years ago, will be taken as the standard of its price. I draw the attention of the Finance Member to the disparity existing here. The basis on which this affair had been put off no longer exists. Recently it was announced in answer to a question that a taxation Committee was going to be set up. Do set it up; but I shall urge that the exemption limit fixed at Rs. 2,500 is very low. To tax a family of 5 individual each earning Rs. 40 is not just.

I now say something about the tax proposals I appreciate the step which the Finance Member is taking in using government machinery to remove social inequality and economic inequality. I have nothing to say against it. There are two ways to remove an inequality—one is to raise the low and bring down the high to bring them on the same level. The second way is to bring the high so down as to be in the same level with the low. The question is whether according to our real objective this budget will aid the poor to become rich or draw down the rich. I am sorry it gives no benefit to the poor. I am prepared to say that for the deficit of 80 crores not a single piec should be taken from the poor. It should be met by taxing the rich. I will have nothing to say against it if such a course is taken but we have to see whether this method is right or wrong. I appreciate the intention and I do not doubt that the intention with which the Finance Member has worked is good but I am afraid and I feel it essential to say that the House should scrutinize and see if the way which we are following will bring us our objective or not. With due deference, I say that it will not be attained by this way, because if a country possesses one crore of rupees which is to be divided among its individuals it is impossible to keep it high *per capita* unless increase is effected in the treasury of the one crore. We desire that better arrangements may be made for the promotion of industries in this country but if you cut down the high trees this time to nourish a plant what will you do the next time? The bell is given and I have a very little time at my disposal I, therefore, desire to say briefly that the damage that it will inflict upon the industries will not be confined to the dividend alone but will exhaust the reserve also, just as a weak person falls a prey to pneumonia with a slight waft of wind and dies so our industries will be finished. The life in them is their reserve and the way we want to tax them will eat away their reserves. Besides, the capitalists will not be in a position to give a dividend of 5 per cent.

[At this stage Mr. President vacated the Chair, which was then occupied by Mr. Chairman (Shrimati Ammu Swaminadhan)]

I, therefore, strongly urge that if you desire to see your industries flourish do not allow their reserves to be reduced. If you allowed that the poor men who watch the fields at night and the rich men who hold large shares will come to the same level.

**Khan Abdul Ghani Khan** (North-West Frontier Province: General): I think the Chairman does not understand the speaker's language. How can she conduct the proceedings?

**Pundit Thakurdas Bhargava**: It is very difficult for a member to say what the Chairman understands and what not. It is a question of language. You may ask the Chairman about it.

**Mr. Chairman**: The Honourable Member may proceed with his speech.

**Pundit Thakurdas Bhargava**: I was saying if these reserves were reduced, the blow that these industries will receive will be unbearable and so it is not proper to reduce them. I don't say that you don't tax the income, tax them as you please but see that it may not adversely effect the poor and the middle class people. As the bell has been given and other members have to speak I say no more.

**Khan Abdul Ghani Khan**: Madam Chairman, I have had many occasions in my life to feel thankful for the fact that I am not a financier but lately I have felt specially thankful that I am not one because most financiers in India are suffering from acute economic indigestion, since the Honourable the Finance Member announced his budget. They are going about the place shouting about horrible pictures of things to come—industry will be paralysed, progress will

[Khan Abdul Ghani Khan]

vanish and poor Mother India will come to an end in a poor house in disgrace and poverty—if this 25 per cent. on profits is allowed to operate. That is the chief tax to which most people object and I am going to talk chiefly about that. I have received seven beautifully printed circular letters since Friday from various influential and clever organisations and persons, all giving beautiful patriotic reasons why the rich should be spared. But no one has suggested who should pay. As my Honourable friend Sardar Mangal Singh said this is a very important question. That point is allowed to be forgotten by all these beautifully printed circular letters. After all the fact is before us that we want Rs. 80 crores. The deficit is Rs. 57 crores and with the recommendations of the Pay Commission it will be Rs. 80 crores. How is India to get this money? Who is going to pay this money? There is no alternative. The rich must pay, because the poor have nothing to pay. Morals and ethics apart, the only intelligent way to get money is to take it from a person who has got it. After all whose money is it? Money is human labour and human life. The labour and sweat of Indians belongs to India and to nobody else. India has a moral right to levy any tax. If you suspect that the Honourable the Finance Member is going to take all the gold from the rich to *Gute-Rana* then I can understand this fuss. But if this money is going to be spent on roads and schools and amenities to third class passengers, for grow more food and for making locomotives in India, then why this howl, and especially from such patriotic Indians? I hope they did not mean that third class passengers should pay for amenities to third class passengers when they were so loudly shouting for them in the railway budget. The first class passenger must pay not only for the mirror and clean bath room but also for the breathing space for those unfortunate countrymen of ours who pay nine-tenths of the cost of running the railways. That is the spirit of this tax and I must say I rather like it. The chief argument against it runs like this: "Take a company that has a capital of Rs. 10 crores—very exaggerated. It makes a profit of 5 lakhs—very small profit. Take the income-tax, super-tax, corporation tax and this and that. It will leave .001 per cent. dividend for the company." Such extreme cases are rather rare. But I would recommend to the Honourable Member to arrange for proper safeguards for the protection of this financial minority. The Bill is really meant to take from those who can very well afford it. If it is found that in special circumstances it is found to oppress a person who cannot pay it, that oppression must be removed because it is against the whole spirit of this Bill. It must touch only the super-rich, in spite of their howls and in spite of editorials. The owner of a small amount of shares in a joint stock company pays as pointed out by my friend Mr. Manu Subedar at the same rate as the managing director. This pathetic little creature must be protected. It will add to the Beauty of the Bill. Otherwise it is a good tax. It is based on fair moral and social foundations. All these dire threats of desolation and destruction are a remarkable index to the hysterical minds of the speakers rather than to the future of India. They are under the sad impression that their multiplying wealth is India. 95 per cent. of Indians are at the very bottom of poverty. They have not yet solved the problem of bread which even cockroaches and mice have solved. Are they to be asked to pay this 80 crores for running the administration of India? I would like my friends to answer that question when they get up to speak with their little notes and read their little sums and give us patriotic reasons why this tax should be abolished. It is one thing to talk socialism and it is another thing to live it. It is one thing to talk about the misery of the poor. It is another thing to pay for their convenience. How do you tax the poor? You talk always about the amenities of the third class passengers, this, that and the other. How do we treat the poor? Take the farmer. There is no minimum limit for the farmer. Even if he has two acres of land, he pays land tax, water tax and so on. Is there any exemption for the farmer? Even

if he earns Rs. 50 a year he has to pay tax. His voice is never heard. It is only the voice of those who earn in lakhs that is heard. Now, take the third class passenger. He pays nine times the amount that is paid by the first class passenger and in exchange he does not get even sitting room. If he stands in the foot board he is put in prison for all the trouble he takes.

It is said that land is under the Provincial Government but I think the provinces should take a cue from the Finance Member and introduce not only a minimum exemption so as to give relief to poor farmers but also put on heavy taxation on excessive incomes from land. It is high time that we Indians realised that schemes and plans and amenities and organisations cost money. Schools, hospitals and roads cost more money.

**Shri Sri Prakasa:** Are there any provisions for these in the Budget.

**Khan Abdul Ghani Khan:** Surely there are. You must read the Budget over again.

**Shri Sri Prakasa:** This is only for balancing the Budget.

**Mr. Chairman:** One Honourable Member should not argue with another Honourable Member.

**Khan Abdul Ghani Khan:** It is the Honourable Member on my right that is arguing. He should keep quiet until I have finished. We must either learn to pay or forget to ask for these amenities. You cannot eat your cake and have it too. Let Honourable Members read their election manifestoes once more and then come and make a speech here. You cannot talk about the poor suffering masses if you are not willing to pay for it. (*An Honourable Member:* What about army expenditure?) The army is used for the protection of the properties of the rich people. We have come to the choice of ways. Again we have to state whom we intend to serve. It is a test budget—a test of our moral and political make up. No matter how you clothe and how you can camouflage your verdict, you will not hide its true nature. The way the House treats this tax will be a declaration of policy, a clear hint to the shape of the likely future of India. Happily for us, there is a happy medium. We need not kill the duck that lays the golden egg but we need not also make mincemeat of the owner's child and feed it to the duck, just to keep it alive. If the Indian industry has become a financial cannibal and cannot live without the poverty and misery of Indians, we will do without the industries, because we cannot do without the Indians. The owner's child is more important than the golden egg.

I have saved my praise of the Finance Member till the end. He has produced a budget that will make the poor bless him and the rich curse him. It is a sure sign that he is along the right way. However I cannot help wishing that he and his friends would join the Constituent Assembly and that he should give the whole of free India the benefit of his financial democracy rather than restrict it to the doubtful boundaries of a small section.

**Mr. Tamizuddin Khan:** Madam, I heartily congratulate the last speaker on the fine speech that he delivered. It is for the first time that I find myself in perfect agreement with his views. I have to congratulate another person and I must say that I am uttering no mere words of convention when I say that I congratulate the Honourable the Finance Member not only on the unique opportunity he has had of being the first Indian to present the Budget of the Government of India and also on the character and complexion of the budget. I congratulate him most wholeheartedly. The patriotic fervour pervading his speech is in perfect tune with the pulsation in every Indian heart in eager expectation of breathing the air of freedom in no time to come. The budget has redeemed the claim that the present Government of India is a people's Government for the budget is pre-eminently a people's budget. What a thrill is it to the poor man that after all his salt is going to be tax

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free. It is a happy culmination of the historic fight of Gandhiji for the abolition of this tax backed by widespread public opinion in the country. Its withdrawal is no less a triumph for the Interim Government.

Madam, the time at my disposal will not permit me to make any but a few cursory references to certain salient features of the Budget. Over and above the outstanding proposal to abolish the salt tax, several other proposals have given almost universal satisfaction in India. I may mention some of them. I refer first of all to the provision of 17.35 crores for subsidising food-grains but for which the average Indian would have to pay far more than he does at present for his food. Secondly, the raising of the minimum exemption limit for income-tax from Rs. 2,000 to Rs. 2,500, thirdly the decision to nationalise the Reserve Bank of India, fourthly the prospect held out for appropriate action to control speculation on the stock market, fifthly the assumption of financial responsibility for the construction and maintenance of national highways and the provision of 6½ crores in the next year's budget for the purpose, sixthly the arrangements made for the manufacture of aircraft in the Hindustan Aircraft Factory at Bangalore and last but not the least the prospect of early materialisation of the Damodar Project.

Madam, there is another matter dealt with by the Honourable the Finance Member which though not directly connected with the present Budget is of vital importance to the economy of the country and which has greatly allayed public apprehension. It is his reference to the sterling balances. The threat from high quarters to set up counter-claims on unsubstantial grounds which are nothing but after-thoughts, against poverty-stricken India's hard earned balances, earned at the expense of India's toil, sweat and blood, to an extent far outshading the sacrifices of many other more vocal countries, has given rise to a widespread consternation and misgivings in this country. The assurance of the Finance Member that any such attempt to deprive India of her just dues will be valiantly, resisted and that no stone will be left unturned for a speedy settlement of this question, has been heartening to a degree. India to a man will stand by the Interim Government in their effort to secure a just settlement of India's claims.

Satisfactory as most of the budget proposals are, it cannot be claimed, however, that all the proposals have given universal satisfaction. To my mind, herein lies its strength and not its weakness. The budget has its enemies though they are overwhelmingly outnumbered by its admirers. Here I am not referring to those inside the House like my Honourable friend Mr. Griffiths, for whom I entertain the highest respect, but I am referring to those outside the House. Though they are few in number, they are a formidable lot and they have already launched their offensive. This assault from otherwise friendly quarters will no doubt embarrass the Interim Government. I earnestly hope that the Government will not capitulate to big business on this vital issue.

The main target, of their attack is the proposal to levy a special income-tax of 25 per cent. on business profits exceeding one lakh of rupees. It is said that this will give a death blow to the nascent industries of the country. This apprehension, even if genuine, is to my mind, ill-founded. Assuming for a moment that the love of lucre is the only incentive to private industrial effort, the proposed tax or taxes will leave a sufficient margin of profit to provide the required incentive to capital. The proposed tax is nothing but a reimposition of the Excess Profits Tax in a modified and greatly mitigated form. There is nothing to show that the E.P.T. served as a discouragement to the growth of industry. During the years that it was in force, companies were being started in scores both private and public; plans were being made in their hundreds and innumerable expansion schemes were being formulated. In a word, there was an unprecedented flow of energy in the industrial artery of

the country, only circumscribed by the limitations imposed by the war. The present taxation proposal is no more calculated to curb that urge than was the E.P.T. The real cause of the clamour against the proposal, to my mind, is not any genuinely felt apprehension about retardation of industrial activity but the uncanny inroad that the Finance Member proposes to make into the pockets of the multimillionaires. The Interim Government have been unnecessarily placed in a difficult situation in this respect by the injudicious withdrawal of the E.P.T. last year. I hope after the first shock, which has had a staggering effect on the profiteering mind, is over, the true import of the proposed measure will be more clearly appreciated and there will be no cause for apprehension that it will induce a set back in industrial growth. I do not mean, however, that the proposed legislation should not be carefully scrutinised by this House. This and the other taxation Bills should be critically studied and discussed and if there is anything that is really likely to retard the growth of industry, appropriate amendments should be made to rectify any such *lacuna*. As far as I can see at present, shareholders of certain companies may perhaps be adversely affected and deprived of a reasonable minimum dividend. This may have a tendency to make capital shy. If this apprehension proves to be well-founded on scrutiny, it will not be difficult to provide a proper remedy. I agree with my Honourable friend Sardar Mangal Singh that there are amongst our industrialists ardent patriots who will not grudge to share with the State, that is, the people in general, a substantial portion of their net excess incomes. By the proposed measures they are being called upon to make far less sacrifices for the State than people similarly situated in Europe and America. Their willing co-operation will be to their ultimate benefit. One alternative—perhaps the only alternative—is communism which, I think, they will welcome far less than these pinpricks.

Madam, the Honourable Finance Member is also casting longing eyes to hoarded wealth that has hitherto evaded the long arm of the Income-tax Department. A good deal of this cannot but be black-market money. The design, vigilance and resourcefulness that would bring about its birth in darkness, will also be able, I am afraid, to hide it successfully in darkness, and the Honourable the Finance Member will be only groping in the dark in his quest of it. But the venture is worth attempting and I wish the Finance Member the best of luck. Let us hope that Light is coming and Darkness will vanish.

Madam, let me now say a few words about the planning policy outlined in the Finance Member's speech. Few can disagree with him about the difficulty he has indicated in carrying out the long term plans of the Central Government Departments in view of the uncertainty of the political situation. He has also uttered wise words when he has emphasised the appropriateness of Regional planning in a vast sub-continent like India. Though political uncertainty serves as a temporary impediment to long term central planning, happily the period of suspense is not going to be long, and only sixteen months hence, Providence willing, we shall be in a position to frame our plans on stronger foundations and in a clearer perspective. Some of our more obvious and fundamental schemes having no bearing on the internal aspect of the political issue can and should, however,—other factors permitting—proceed apace. This consideration, as the Finance Member recognises, does not apply to the provincial planning. All the provinces by now have their development plans and great hopes have been raised in the minds of the people. These plans have been prepared on the practical assurance that definite and substantial contributions towards them will be made from the Central surpluses which were declared to be an expected sum of 1,000 crores. The Finance Member now tells us that the surplus will be substantially below the expected figure, and he administers a warning to the provinces that they must expect substantially less contributions than previously declared. This must be extremely disquieting to the provinces because their plans were made, as they were instructed by the

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Centre to be made, on the basis of the contributions then declared. In most of the provinces the development plans will be thrown out of gear by the Finance Member's warning resulting in a disconcerting retardation of progress. As these contributions are only capital grants to the provinces, I think it will not be out of the capacity of the Centre to bridge the gap between the previously expected and the now estimated surpluses and redeem what was practically the Centre's promise to the provinces.

Madam, the Finance Member has lifted the duty on the poor man's salt. But the exorbitant taxes on tobacco and betel-nut remain intact. The poor man will certainly enjoy his tax-free salt but his *hukka* and to a great extent his *pan*, of which betel-nut is an essential ingredient, are the very salt of his life. How can the Finance Member consistently stick to his taxes on the latter having lifted that on the former? Can he not even give partial relief in this respect?

He has referred to the gradual lifting of controls. We are gratified. But we want to know whether Government intends to decontrol some of the commodities still under control. Nothing is more galling to the people than this interference with their liberty. They are tolerating it only as a necessary evil. They are eager for a speedy and progressive realisation of restoration of liberty. I suggest that the next step in advance should be to release sugar from control. If the worst happens it will not be as catastrophic as it can be in the case of cloth nor as dangerous as in the case of food. On the other hand the probability is that decontrol will stimulate production and ultimate reduction of price.

It is gratifying to note that Government are giving continued importance to the Grow More Food campaign for which adequate provision has been made in the Budget. Opinions may differ as to the dimensions of the results hitherto obtained. I think, however, money could not have been better spent during the lean years of crop shortage and consequent food crisis. The results though not very spectacular have been substantial. The only regret is that all that could have been done in the various provinces is not being done. In Assam, for example, there are vast areas of culturable waste lands eminently suitable for the production of paddy, but far from utilizing these in the furtherance of the Grow More Food campaign every effort is being made to grow less by mass eviction of cultivators ostensibly in furtherance of an outlandish cult of worship of technicality. Here I must seal my lips and refrain from uttering what I know to be the real reasons. This is a crime not only against the helpless men, women and children who are the victims of this ruthless policy of mass eviction, but also against the land we live in and the world at large, that is passing through a critical period of food shortage and imminent danger of famine. In the face of a world crisis all we are doing is to look on helplessly while the problem regime of Assam, the spoilt child of one of the major political organisations of the country, is going merrily on with its inhuman orgy. That Government has already made history by its not insignificant contribution to the failure of a settlement between the two major parties in India and is again gaining laurels by not only thwarting the 'grow more food campaign', but also preparing the ground for a terrible struggle by the exasperated victims and their sympathisers. Should we still look helplessly on? The Central Government may plead helplessness in the abundance of their regard for Provincial autonomy, but can the political organisation to whom the Assam Regime is beholden, also do so? The consequences that will follow may affect to a certain extent the Budget forecast of the Finance Member. The uncertainty of the political situation that now stands in the way of long term Central Planning may all the more be aggravated and as a consequence the longed for political settlement may again elude our grasp. Will good sense yet prevail? Madam, I have done.

**Seth Govind Das** (Central Provinces Hindi Divisions: Non-Muhammadan): Madam, I would have very much liked to speak in our national language—Hindustani—but as you do not understand that language, I would like to address the House today in English and keep it to myself to speak either in English or in Hindustani in future as the occasion demands.

I also join in the congratulations showered on the Honourable the Finance Member, but I do not congratulate him alone. I wish to congratulate myself along with the whole House who have endeavoured to get this historical occasion of discussing a Budget which has been presented in this House by a true representative of the country.

**Shri Sri Prakasa:** Sub-continent!

**Seth Govind Das:** Madam, then there are some other reasons also on account of which I want to congratulate the Honourable the Finance Member: He has abolished the salt duty in spite of the fact that a Resolution was tabled in this House, though not moved, that the salt duty should not be abolished. He has abolished salt duty in spite of the fact that several questions were asked on the floor of this House which meant that salt duty should not be abolished.

**Lala Deshbandhu Gupta** (Delhi: General): By his followers.

**Seth Govind Das:** I further wish to congratulate him on his promise to take a strong attitude with regard to our sterling balances and the control of speculation. Then he has raised, as so many Honourable Members of this House have mentioned, the minimum non taxable income from Rs. 2,000 to Rs. 2,500. I suggest, Madam, that this minimum should be raised to Rs. 300 per month. I have calculated certain figures and I find that these days for a middleclass man or for a middleclass family it is not possible to live in less than Rs. 300 per month.

I am glad to find that the Reserve Bank of India is going to be nationalized. I remember those days when the proposal for establishing this Reserve Bank was brought forward in this House by Sir Basil Blackett I was in those days in the Council of State; that was as far as I remember in the year 1927, and there was a great difference of opinion on the point whether the Reserve Bank should be a State bank or whether it should be a shareholders' bank. When the present Reserve Bank was established, even then there was a difference of opinion in this respect, and I am glad to find that after all the Reserve Bank is going to be nationalized.

When the Budget was placed before this House on the 28th February and some pressmen wanted my opinion on the Budget I said that it was most satisfactory though I did not agree with that part of it which dealt with planning and industrialisation. I am sorry that the latter part of my opinion was not published, but as far as other features of the Budget are concerned, I dare say that during 23 years of my life in the Central Legislature I never found a more satisfactory budget than the present one.

Now, I come to those points on which I do not agree with the Honourable the Finance Member. I wish he had not mentioned controversial matters in his speech. He should not have called this country a sub-continent. He should not have said that peoples are inhabiting this land. I humbly say that it would have been better if he had not brought in these controversial matters. As far as we are concerned, Madam, we consider this country to be one. We say that peoples are not living here, but one nation is living.

I further disagree with the points which he made in his budget speech about planning. I do not agree with him when he says that this country is far too big to be treated as one unit for the purpose of planning. We have got the experience of the Soviet Union. We have got the experience of the United States of America. Are these countries not very big? I say that it is

[Seth Govind Das]

the well considered opinion of experts that the bigger the country the better the chances for successful planning. I cannot understand how the Honourable the Finance Member said that because this country was too big it could not be made a single unit for planning.

Again I do not agree with him as far as the proposal of his regional planning is concerned, and here I shall quote the opinion of certain experts. I have got before me a report of the Advisory Planning Board, most recently published and the Members of this Board were very eminent persons. They have taken into consideration all the views so far expressed in this respect and they say, Madam:

"We are of the opinion that the proper development of large scale industries can only take place if all political units, whether provinces or States, agree to work in accordance with the common plan. Both from the point of view of conserving capital resources and avoiding wasteful competition, and from the point of view of securing regional development which will advance the standard of living in the country as a whole and avoid undue concentration of industries in particular areas, Central Planning seems to us to be essential."

They go further, Madam, and say:

"We should like to make it clear that should political developments hereafter rule out a Centre for the whole country, in the field of industry the idea of common planning should nevertheless be pursued and arrangements made for achieving it by annexation and agreement among the various units."

As early as 1945, the Government of India's industrial policy was announced in a statement in which it has been clearly pointed out that the progress of planning has made abundantly clear that certain industries must be taken over under Central control in the interests of co-ordinated development.

Sir M. Visheshwaraya one of the most eminent economists has said in his book "Reconstruction in Post-War India":

"The execution of any plan or reform cannot be carried out effectively by un-co-ordinated effort of single individuals or groups. A nation which does not regulate its economic affairs on the connected plan is liable to sink into decay. The future prosperity of the country requires that India should develop the idea of nationality and work out her destiny as a united nation."

Now coming to the proposal of the Honourable the Finance Member, which has raised a storm in certain circles, I mean the special Income-Tax of 25 per cent. of business profits exceeding one lakh of rupees, I want to point out that after all the people who earn must pay and if they do not pay then I agree with my Honourable friend, Mr. Ghani, that some alternative should at least be suggested as to where the money is to be had from.

**Sjt. N. V. Gadgil:** Rob the Pathan!

**Seth Govind Das:** It should however, be considered as to how much they should pay and in what manner. As far as this proposal is concerned, and my opinion goes, I want to point out that I do not agree with my Honourable friend, Mr. Subedar, that the tax should be reduced from 25 per cent. to 12½ per cent. I wish to keep it at the same level. In fact I would like to say that beyond a certain limit more percentage can also be taken. It has been pointed out that the industries with big capital investment will be hard hit if the minimum limit of profits which would not be heavily taxed is kept to be one lakh. It will be difficult for them, it is said, to pay even 1½ per cent. dividend. I would like the Honourable the Finance Member to consider whether it would be possible for him to exempt profits to such an extent that the companies may be in a position to pay a minimum dividend of 6 per cent. Certain suggestions were made that this minimum dividend should be 5 per cent.; certain Honourable Members suggested that it should be as far as 9 per cent. When I say 6 per cent. I have in view an old idea that six per cent.

interest is *mahajini* interest. In other words 6 per cent. is a legitimate return and anything in excess of this is illegitimate. I shall, therefore, suggest to him that he should consider the advisability of so modifying his taxation proposals that the companies remain in a position to pay 6 per cent. dividend.

Lastly, I shall point out that I cannot call this budget a socialist budget. It is not one inasmuch as it does not dispense with private ownership of the means of production. More taxation will make private capital shy. There will be danger of consumers goods being imported from abroad in large quantities in this country. Therefore if there is heavy taxation we must go for nationalisation. I do not agree with my Honourable friend, Mr. Griffiths, that the time has not come for nationalising the industries. His community pronounced similar opinion in connection with Swaraj. I do not agree with him. If a comprehensive plan is drawn for nationalising the industries, I am sure, Madam, there would be enough capital coming forward in the shape of loans at a very low rate of interest and the State will be able to plan industries, giving real relief to the poor people of this land.

In conclusion again I wish to congratulate the Honourable the Finance Member.

**Maharajkumar Dr. Sir Vijaya Ananda** (United Provinces: Landholders): Madam, I rise to support the budget with mixed feelings. I say this for one very good reason. Though my Honourable friend Mr. Liaquat Ali Khan has abolished the salt tax, he did not along with it say that he had done this as a measure of respect for Mahatmaji; nor did he say in his long speech that the League would be coming into one United India. Had Mr. Liaquat Ali Khan said this today, the country would have been rejoicing. We would have been very happy indeed without making any further suggestions on the budget. But, as the budget stands, I have to make a few observations.

In Mr. Liaquat Ali Khan we have the touch of Sir Basil Blackett as also of Sir Randolph Churchill. With your permission I shall read a small quotation from the speech of Sir Padamjee Ginwalla made in this House in 1923. This is quoted in *Eastern Economist*:

"Sir Basil Blackett having sent for his principal assistants and having ascertained that the additional taxation required was of the order of say 16 crores would (according to the description) merely ask for copies of the Tariff Act, the Income Tax Act and the Opium Manual and a blue pencil and would go on increasing the duties till the gap was made up."

Mr. Liaquat Ali Khan has shown this Blackett touch in him by levying a special income-tax of 25 per cent. on business profits exceeding Rs. 1 lakh, by increasing the super and Corporation taxes and the export duty on tea.

As regards the Randolph Churchill touch, I would read a small quotation from the same journal:

"Randolph Churchill having persuaded his cabinet to agree to some unorthodox budget proposals, returned his calculations to his permanent Under-Secretary of the Treasury saying 'There are the figures. They are uncut diamonds. Put the best facets on them that you can but do not let me see them again till the end of the financial year'."

And Mr. Liaquat Ali Khan has demonstrated this Randolph Churchill touch by abolishing the salt-tax and raising the minimum exemption limit for income-tax from Rs. 2,000 to 2,500.

Madam, I would not be fair to myself were I not to say that the tax on industries is absolutely uncalled for. The last war was won by America and it was solely because of her industrial capacity. When we have Swaraj in our country it is very necessary that we should allow industries to grow and by industrialising this country to the level of America we could become probably the foremost nation in the world in years to come. But if you are going to kill industry by taxing to the extent that you have suggested, I am afraid it will be a case like the doctor saying 'the operation was successful but the patient died'. I trust and hope that my Honourable friend will reconsider his

[Dr. Sir Vijaya Ananda]

position and realise that in taxing industries the result will be that labour will be thrown out and there will be immense unemployment in the country. I have no objection to my Honourable friend taxing the rich. By all means tax them but he must remember that it is industry that will make the country go forward.

I also plead for tolerance from my Congress friends. We are on the verge of a complete change in regard to the land tenures of our country. I appeal to them for tolerance. I hope that they will do things in a manner which will give us a little time to put our house in order, so that our young children will grow up to take to other professions and trades and will become units of strength to the National Congress and the country. To the Muslim League I make this appeal. Mr. Liaquat Ali Khan is the second in command. A single utterance in his budget debate that he would be coming into a single India and a united India would cause untold pleasure. Barring this taxation on industry I am with Mr. Liaquat Ali Khan and I will vote with him on every thing else. I trust that as this debate goes on, he will weigh things as much as possible and will not be dogmatic or stand on prestige and will appreciate that the need for give and take is very necessary. Let it not also be said, as Sir Archibald Rowlands said in his last budget speech that his first budget was also his last. I hope that Mr. Liaquat Ali Khan will not only present his second budget next year but will also do it to a sovereign Assembly of a free and United India.

**Sri R. Venkatasubba Reddiar** (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Mudam, I congratulate the Finance Member for the boldness with which he has approached the financial problems facing this country. It is true that these budget proposals have made a section of the public wail and another section hail it. Almost all the members who have preceded me have with one voice praised him for the manner in which he has presented his budget. Every one has been saying that this budget has taken into consideration the masses of this country but I would like him to pay more attention to the vast majority of the masses, that is the agricultural population of this country. Without the agricultural population of this country we cannot have food, we cannot have raw materials for industries. If there is any section of the public which deserves encouragement at the hands of the National Government it is the agriculturist. But what I find here is that though the Government has changed, though the white faces have gone and our own members are here, not much has been done to encourage the producer. Time and again for the past one year and more we have been crying hoarse for giving remunerative prices to the agriculturist. That has fallen always on deaf ears till now. At least the former Government was saying that they would consider. Questions raised in this House during this session have elicited answers that the Government have set its seal and it will not revise the prices so as to pay remunerative prices to the producer.

Coming to the province from which I hail, it has had the misfortune to have a Secretary at the Head of the Food Department during the days of war who was against giving prices which would make production of crops remunerative. Not only did he succeed in doing so, but he prevented the Central Government also from doing anything by saying that the prices offered in Madras were quite sufficient and fair. If you see the official figures and compare the figures prevailing in other parts of India you will find that the price offered to the producer in Madras has risen by about 200 per cent. whereas in other parts of the country it has gone up even by 400 per cent. There is

5 P. M. no meaning in saying that you must have an all India price. You should proceed only on that. The rise in price must be uniform. That has been the slogan of the Department. They have not cared to see whether there has been a uniform rise over the pre-war prices. At the present,

rate if you ask the agriculturist to produce foodgrains, in the course of three or four years he will have to liquidate his holding and either transfer his estate by sale or mortgage to some of the money lenders. That which happened during the period between the two wars would certainly happen again. All that propaganda to grow more food has been only on paper. It has not very much helped him. The figures that are being compiled are not based on realities. They do not have any relation to actual facts which exist there. We are told that 20 crores has been spent in the current year for importing food-stuffs and another 17½ crores has been provided for next year to import foodgrains from other countries. I ask how long are you going to subsidise import of foodgrains from other countries? Do you mean going on subsidising year after year twenty crores or fifteen crores? Would you not think of spending something more to encourage the producer to give him a price which has some relation to the money which he spends on his farm? I have given here before this Assembly on more than one occasion that in our parts at the present rates the cost of raising paddy on one acre of land, if it is a wet land, comes to Rs. 110 and if it is a dry land comes to about Rs. 150. At the control rates fixed by the Government he gets somewhere about Rs. 75 or 80, including the hay which is produced on the land. On every acre of land which he cultivates the farmer is losing about Rs. 20 to 70. I have repeatedly said this. One answer that has been given by the Honourable Food Member has been that if you raise the price of foodgrains it will hit the consumer very badly. Even that is not correct. You go on increasing the pay. You go on increasing the dearness allowance. What have you done to the agriculturist, the producer? If you increase the price of paddy by one rupee per maund, it means under the scale of present rations about 2½ pies per day per head increase to the consumer. It will amount to 6 annas 3 pies per head per month. Cannot the producer or agriculturist expect the consumer to give him this 6 annas 3 pies per head per month? I cannot understand the logic behind the refusal to increase the price even by one rupee a maund of paddy. The minimum demand made by the agriculturists in the province has been two rupees per maund. I would request the Government to consider this matter again deeply and come to the rescue of the producer.

A five year plan has been announced. A sum has been placed at the disposal of the Departments. Departments have no idea as to how these moneys should be spent or how it should be utilised to the best advantage of the producer. To give a personal experience, the Government said that they were getting oil engines and allotting them to the producers when required. I asked for an oil engine in July 1946. The engine was supplied to me without a pulley, without the necessary foundation bolts, without other materials with which it could be fitted up and worked. For each item I had to run to Madras every week but I could not get all of them till I had to be here for the autumn session. I was obliged not to use the engine but to part with it.

About manure, it does not reach the man to whom it is intended. The poor man who has no money and for whose benefit it is intended does not get it. About improved seeds I have already said that vegetable seeds and grain seeds which have been supplied last year have consistently refused to germinate—not even 50 per cent. of it germinated. I said it last year in my speech on the Finance Bill. I repeat it this year also. I was given a packet of brinjal seeds and some other vegetable seeds. Not one of them germinated. The same is the case with some of the foodgrains. The difficulty is the agricultural demonstrator is in charge of many things. He is asked to deal with manures, seeds, implements and other articles to the tune of 10 or 15 a year. He has no assistance. He has to keep accounts and dispose of them. He has to satisfy those who come for these articles. He has to go round and inspect the seed farms and find out if the seeds supplied are good and germinate. He has no time to do it. It is taken for granted that every seed

[Sri R. Venkatasubba Reddiar]

that is brought to the village is a good seed. They store them. Very often several varieties are stored in the same godown and most of them get mixed. They get damp and then the result is that the poor agriculturists who take these seeds suffer. I wish to impress on the Government the necessity of starting an industry which would produce agricultural implements and machinery on a large scale at a very early date. The supply of cheap electricity is another important thing which is very necessary for producing more crops.

Coming to the Department of Education, I wish to impress on the Government that at present the teachers who are entrusted with the work of teaching the children have no qualifications and any qualifications which they at present have are not of such a character that they should have the right of being entrusted with the teaching of the boys. You must have new training institutions in thousands, you must train teachers in lakhs and qualify them for imparting education on a national basis, for imparting vocational education and physical education and to make the children think in the way of their ancestors. There is no use in spending crores and lakhs to build schools and colleges and other buildings in the towns. I would suggest that many of these universities be shifted to the rural parts. It is the rural people that have got to be educated. There is no use concentrating education in the cities. If the universities are taken to the villages, then you will be doing a lot to advance the cause of education of this country. Until that is done, I do not think there is any salvation for this side of the activity of Government.

Now, I am not sure whether the estimates of revenue made by the Honourable the Finance Member are correct, whether they are not in some cases underestimated. I find in the estimates of revenue that there is a considerable underestimate at least in some of the items such as revenue duties on motor spirit, machinery, textile fabrics and others such as toys, games and sports goods. There are many other items in which my impression is that the estimates have been underestimated. The expenditure of the Government on the civil administration side has been growing year by year. There must be an attempt to check this and balance the budget before fresh proposals of taxation are taken on hand.

**Sri A. K. Menon** (West Coast and Nilgiris: Non-Muhammadian Rural):  
Madam, I may be permitted to congratulate the Honourable Finance Member on the extremely satisfactory budget that he has placed before the Assembly. The general principles of social justice underlying this budget will receive the approbation of 98 per cent. of the people of this country. The intense patriotism that pervades the whole of the Budget speech will stimulate the spirit of every Indian. I do not want to expatiate on the justice which the Honourable the Finance Member wants to do perhaps at the expense of the rich, for the poor people. The socialistic policy underlying the whole Budget is seen from the abolition of the salt tax, the income-tax exemption, the contributions to the Provincial Governments and several similar measures. It is only natural that when the Honourable the Finance Member has to make up the deficiency in the Budget he has to collect the money from the rich and not from the poor making them the poorer. Therefore he had to tax the rich. Several things have taken place during the war in my own district. Several persons who were nothing yesterday have become so enormously rich that they do not know what to do with their money. They are going from street to street asking whether this or that house is for sale. Therefore the measure for investigating into such affairs of questionable accumulations of money is certainly welcome to me and it would be welcomed by all persons who want to see justice prevail in the country.

Most of these measures that he has proposed in regard to business and industry have my general approval. In so far as the proposals affecting

future industries, it is more a matter for financiers and industrialists and they have placed their case before the Honourable the Finance Member and I am sure it will receive his most earnest consideration and he will do whatever he can in the interests of the country.

My object in speaking today is to point out one defect as far as super-tax is concerned. I want to bring it particularly to the notice of the Honourable the Finance Member. In our district in Malabar there are certain families which have been compulsorily made impartible under the law of the province. These families consist of 60, 70 or even 100 members and some of these families depend for their living upon the sale of timber and other forest produce obtained from the forests owned by them. Formerly the super-tax came in only when the income of the family reached  $3\frac{1}{2}$  lakhs for unearned income and 5 lakhs for earned income but now the Honourable Member has reduced the maximum rate which is reached at 1.2 lakhs for unearned income and 1 lakh for earned income. In such cases I request the Honourable Member may be pleased to see that justice is done. If 0-15-6 is taken away as tax for every rupee above the scale fixed now, what remains for such families is only half an anna in the rupee on that sum. Suppose there is an impartible family. Suppose their income is 3 lakhs. There will be several ladies and children in the family and how can they live decently on the reduced income under the altered rates of super-tax. If the new super-tax is made to prevail that would mean that they will have to pay As. 15-6 per rupee on these 3 lakhs minus 1.2 lakhs. So, what remains with them is only half an anna per rupee. How is the manager of the family to maintain the large family with that amount? Therefore, I would suggest to the Honourable the Finance Member that in such cases where there are undivided Hindu families and the number of whose members exceeds a certain number, then this provision of super-tax being made at the level of 1.2 lakhs for unearned income and 1.5 lakhs for earned income should not prevail. I know of certain families the main income of which is only by the sale of timber. They will come under the clutches of the present taxation Bill. That is one injustice that he will be doing by the altered super-tax.

With regard to other measures, it is certainly too much for me to suggest anything. I can only say that the budget proposals as a whole have the general approval of the country and I congratulate the Finance Member.

**Rai Bahadur Devendra Mohan Bhattacharyya** (Nominated Non-Official): Sir, It is a privilege and a pleasure to me to have been able to welcome the first Budget of the first Indian Finance Minister of the Central Government. The first budget that has been presented by the Indian National Government is indeed a refreshing contrast to the budgets with which we have been familiar in past years. The Indian Finance Minister has brought to his task a freshness of outlook and has shown both courage and initiative.

In his anxiety for relief to the poor, the Honourable the Finance Minister has proposed the abolition of salt duty and this is a measure, Sir, which will capture the imagination of the public and is sure to give an All-India satisfaction. Salt plays a prominent part in poor man's economy in the country and past history of salt duty indicate that this is one of the first items that should first be taken hold of by the National Government. It is a shame that we are importing salt from other countries although we have thousands of miles of sea-shore where we can easily manufacture salt not only for ourselves but for others as well. From Bengal's past history we find that Port Hijli on the sea-coast of Bengal produced salt which used to be sent abroad after meeting Bengal's demand. For a long time the salt tax has been condemned by all sections and communities of the country and this House has asked for its abolition times without number, but no heed was paid so long by the alien Government. It is very good of the First Indian Finance Minister to have taken courage in both hands and given a death blow to this obnoxious tax. Sir,

[Rai Bahadur Devendra Mohan Bhattacharyya]

we are extremely grateful to the Honourable the Finance Minister for abolition of salt duty, but permit me to say, Sir, that this is really a very small relief to a poor man. If the Honourable Minister is really anxious to give relief to an appreciable extent to a poor man in the country, I would earnestly request him to see if he can do away with taxes on tobacco, matches and betel-nuts, which are essential daily necessities of the poor man in the country.

May I draw the attention of the Honourable Member that there are many in the country who could not procure two meals a day even in pre-war days when rice and wheat were selling so cheap? Times have changed and controlled prices of foodgrains are now too high for them and the result has been that they have no other alternative but to go without meals or to live on other men's charity. May I, therefore, suggest that provision should be made immediately for opening subsidised Government stores in every village for supplying foodgrains at rates lower than controlled rates to poor men having an income below a certain level. To avoid misuse of this privilege, I would also suggest that Government should prepare a list of such poor men in the beginning of the year with the help of the District Officer so that none outside the list could take advantage of this Government cheap store.

Sir, I welcome the relief that has been extended to middle class people by raising the minimum exemption limit from income-tax. But in view of the very excessively high cost of living that is prevailing in the country at the moment the limit of exemption should have been raised to at least Rs. 3,000 and some allowance should have been made for meeting the cost of educating their children. The cost of education has been a great burden on the middle class families and now-a-days it is getting costlier and costlier. The members of this class always make it a point to educate their children, both boys and girls, and this they very often do even at the sacrifice of ordinary comforts of life. It would be a real relief to the middle class people if the Honourable Member could find his way to make a portion of this income, say, 10 or 15 per cent., income-tax free. I hope the Honourable Minister of Finance will pay his best attention to the suggestion that I am making as this is nothing new because in England and some other countries some allowances are made for the maintenance of wife and children.

Sir, I do not know why a distinction should be made between earned and unearned incomes. What is unearned today was earned a few years back. Moreover, Sir, there are families in every province who live mainly on the small unearned income which they have and it would be a great hardship to the families having an unearned income of Rs. 3,000 a year if the Income-tax Department jumps upon them and swallows a portion of their small unearned income. Then, again, Sir, I may be permitted to say that there are owners of big unearned income on whose generosity thrive many charitable institutions of the country. It would be an incentive to all such people to devote more if the amount donated by them to *bona fide* charitable purposes be exempted from the operations of the Indian Income-tax Act. With these words, Sir, I support the Budget.

**Mr. Nagendranath Mukhopadhyay** (Calcutta Suburbs: Non-Muhammadan Urban): Sir, I rise to place my views on the budget presented before this House by the first Indian Finance Minister. I feel myself gratified that the Finance Minister has put the glory and victory upon the Congress. The memorable date of Mahatma Gandhi's Dandi march which began in 1930, after 16 years of struggle, after the incarceration of our countrymen and after untold suffering of our youngmen and women, has been crowned with success and glory and my friend has taken the wind out of the Congress sail. It is an Indian success and we are grateful to him for having abolished the salt tax. Some people believe that we take so little of salt and it does not affect any one whether the salt tax remains or goes. But that is not the case. The salt is taken by the rich and the poor alike and they have been made to feel that

we have gained a day and the Indian people have obtained so much glory. You may remember that when the salt tax movement was inaugurated by Mahatma Gandhi with 80 soldiers who marched on foot for 200 miles, there was an upheaval in the whole of India and not only men but women also went to jail. The then Viceroy, Lord Irwin, said that he was perplexed and puzzled and he did not know how to manage it. Fortunately, there was a truce between the Indians and the Britishers and we all came out of the jail. And the Mahatma then went to England to bring about a peaceful settlement. But that was not to be, for I know that the Britishers do not do what they say. He came back with empty hands. Again, in 1932 another struggle was launched and it went on from time to time, but at long last the salt tax has been abolished. It is a credit to my Honourable friend who has taken such a bold and straight-forward step.

What is the background of this Budget? We all remember the notable statement of Mr. Attlee, the British Prime Minister. He said that a Nation that sent her sons to die for freedom has a right to be free, and in the same breath he said that no minority community would be allowed to veto the advance of a majority community. The Cabinet Mission were hailed with acclamation and all people came forward with an expectation that the day of deliverance has come after all. But to our surprise these Ministers after churning the Indian ocean for so many months have produced a document which the best brains of Congress interpret it advocating a united India, while the best brains of the Muslim League understand it to be a *Pakistan* in embryo. What a jugglery of words!

Once we had what was called the MacDonald Award which sowed the seed of dissension in our communities, and now we have this Mission Award which has brought a complete breach.

On the eve of the Interim Government, you all remember that Direct Action Day was announced by the Muslim League and the mock heroics of some responsible Members of high position brought about what you all remember. You all remember that the Churchillian agents made full use of those irresponsible statements, and through agent provocateurs they have brought about massacre in Bengal, in Bihar and in certain parts of India. The *Statesman* thundered, you will all remember, that the Ministers should be removed, and the Governor should be recalled, but nothing was done. Not a mouse stirred; things went on as before. Then the scene of action was removed from Bengal to Bihar. Same drama of murder and conversion went on there. On the eve of the assumption of office by the Interim Government the Viceroy broadcast that the Interim Government shall have no power nor desire to intervene in provincial matters. Perhaps it was thought that Pandit Jawaharlal Nehru may interfere in Bengal affairs, and so a ban was put on it. But Pandit Nehru did actually interfere when the same scene was enacted in Bihar. He could not help doing so, and Mahatma Gandhi also threatened to fast unto death, and we saw that within a week the whole disturbance was pacified. Then we found immediately after the assumption of office by the Interim Government that bombing took place in Waziristan and propaganda was made that it was done at the instance of the Interim Government. When Congress Ministers went to Waziristan and other places in the Frontier these men were stoned, but fortunately they escaped. In this background, Sir, this Budget has been prepared.

The Honourable the Finance Member said in his speech that 'true freedom is to be achieved'. What is true freedom? What I understand by true freedom is that, first of all, there should have been a declaration of independence of India, then the King should have renounced the title of 'Emperor of India', then all political and criminal prisoners, including I.N.A. men, should have been released, so that people may feel that independence has come. Just as at the time of the coming of the spring the whole atmosphere is surcharged

[Mr. Nagendranath Mukhopadhyay] with good odour, so all the people should have been released in order to make people feel that freedom has come. Some people may say why criminals should be released. My reply to them is, many of us have done many things which if they had been detected we also would have been criminals, but because they have gone undetected we are not criminals. Besides when we were political prisoners, the Government treated us as criminals.

**Shri Sri Prakasa:** You should give us your autobiography.

**Mr. Nagendranath Mukhopadhyay:** Firing on students, processions and meetings should have stopped, but it is still going on. And last of all the prices of rice, cloth, wheat and flour should have been reduced, so that people may feel that independence is coming and therefore we are getting more food and cloth.

Now what principles should have been followed in the framing of Budget? My Honourable friend has drawn out the picture with the British brush and with one or two Indian touches, and by Indian touches I mean the abolition of salt tax, raising of the limit of income-tax, and so on which I have already mentioned. But many things remain to be done. We all know it is a top-heavy administration; our attention is towards the cities and towns, but the villages are going to be ruined. My Honourable friend ought to have taken into consideration the seven lakhs of villages of which India is composed, and in which lives 85 per cent. of our Indian people, and they are peasants and labourers. Their condition should have been improved. Out of these seven lakhs of villages, one lakh units should have been made and each unit of seven villages should have been self-contained, there should have been a granary and *dharmgola* where food for seven villages could be stored. At present we have a procurement policy where all food is brought together and kept in a big place, where, as Mr. Lawson says, the losses are so much that if we could save them we could not have to go to America or other places for wheat or rice. My submission is that every unit should have a granary, a school and arrangements for sanitation and to make it self-contained there should be weavers, barbers, cultivators and everything else that is necessary. There should be a physician or a doctor or *hakim* and in this way everything should be managed. Then we will see that India will be flourishing again and not be in this wretched condition. My submission is that the Finance Member has raised one point that the 25 per cent. tax is to be imposed on business income. Some industrialists have taken objection to it, but that is a matter to be settled by my Honourable friends Mr. Manu Subedar, Mr. Lallubhai and my Honourable friend, the Finance Member. Whether it is to be 25 per cent. or 20 per cent. it is a move in the right direction. Money is necessary and it should be raised somehow. If there is any difficulty in organizing industries, they should be removed and that should be settled by them. Gandhiji hoped that the British would not forfeit all credit for honest dealing with India. Fortunately a statement has been made by the British Prime Minister that by June 1948, the British are transferring power to Indian hands and I know that "Shabda Brahmo" word is God. A great nation has uttered this glorious word, it is bound to fulfil.

**Mr. Chairman:** The Honourable Member has taken more than his time; will he kindly stop?

**Mr. Nagendranath Mukhopadhyay:** Lord Simon has stated that the nearer you get to the day the greater is the danger. We remember to our bitter experience that when the day of the Interim Government was announced there was great butchering in Bengal and Bihar.

**Mr. Chairman:** The Honourable Member might now resume his seat.

**Mr. Nagendranath Mukhopadhyay:** I hope that Churchill's Atlantic Charter will be applied to India. I find that the only difference between the

Congress and Muslims is *Pakistan*. What is *Pakistan*? It means holy land. But India is a holy land. My friend, Jawaharlal Nehru pointed out that it is "Indu" land, or the land of the *Devas* or of the saints. So why should *Pakistan* be limited to one province? Why not to the whole of India? And let us live as angels.

**Mr. Chairman:** May I ask the Honourable Member once more to resume his seat.

**Sri S. T. Adityan** (Madura and Ramanad *cam* Tinnevely: Non-Muhammadian Rural): The budget presented by the Honourable the Finance Member has been welcomed by all sides of the House. Some regard it as revolutionary. I have certain Honourable friends who regard it as a budget which sets up a new mark in the history of this country. I am not able to echo the same views. I would call it a commonsense, matter-of-fact budget; a commonsense budget. I would put it at that and in that sense I will examine the provisions of this budget.

It has been a part of the history of this country, in the recent periods that there has been a very great movement set up; in its wake followed great sufferings, great sacrifices of a magnitude to which there is no comparison in the whole world—only to abolish the salt tax. The history of this country for the last quarter of a century is so intermingled with salt, or rather salt has been the salient point of the last quarter of a century.

**Dr. Zia Uddin Ahmad:** I have been hearing it for the last 50 years.

**Sri S. T. Adityan:** If I had been as old as my Honourable friend I would also have heard about it for so many years.

**Shri Sri Prakasa:** I have heard it from the days of my great-grandfather!

**Sri S. T. Adityan:** Considering the part it has played in the political history of this country, it is only just and fitting that the first Indian Minister of Finance should do away with this tax. I congratulate him and I congratulate the Interim Ministry for this. The point on which there seems to be great dispute in this Honourable House is the business tax.

(Interruptions).

**Mr. Chairman:** Let the Honourable Member proceed.

**Sri S. T. Adityan:** Various views have been taken by Honourable Members of this House. Why the question has been put I shall try to answer it. It is this. Is it at all necessary and reasonable to tax companies? After all a company is an association of traders and most of them are petty traders and small capitalists. If we tax the income of the company does it not follow that we do tax the small man and the big man? Are we not taxing them together at the same rate of tax? Does it not stand to reason that the bigger man should pay more? In taxing a company, all the shareholders—a man who has invested one crore of rupees, or the man who has invested Rs. 100 or the widow who has invested only Rs. 50—are equally taxed. The incidence of taxation does not fall on the persons who are able to bear the taxation more than others. In that way it has been a point of academic discussion. The discussion has not arisen in this Honourable House only but there has been discussion among economists also as to how far a tax on business as such without distinguishing the richer man from the poor man is a good tax. As far as I know the reason for taxing corporations is that an ordinary partnership has not got certain advantages which the Government gives a corporation. The members of a corporation, for instance, have a limited liability, whereas the members of a partnership have no limited liability. In so far as a corporation receives certain advantages by certain laws it is said that a corporation should be taxed, whereas a single man should not be taxed to the same extent. Another reason that is usually given is (and we find it in the Taxation Enquiry Committee Report also): that in a corporation the reserve fund is not taxed, whereas in an ordinary trading firm the reserve fund if taken away is taxed as

[Sri S. T. Adityan]

income. These are said to be the two advantages given to corporations, so that they can be made to pay tax; even for a single anna that it is able to earn. The lower minimum does not apply to a corporation.

But we must consider also the other side of the question. The older corporations do have as members poor persons also and this has to be taken into account. Any view of the subject which is one sided, which thinks that a corporation ought to be taxed pell meil is bound to fail and any view, on the other side also, which claims complete exemption is also bound to fail, because taxation in a modern state is such that without taxing corporations or companies it is not simply possible to run the administration. On this point I shall answer a question that has been raised by one of the Honourable Members. He asked: "Is this not a budget which taxes the rich alone? Are not the proposals such as to tax the rich in order to help the poor? How is it that anybody can oppose this budget?" I have already shown that in taxing a business or a corporation it is not the richer men alone that are taxed but also the poor men. That is my answer to the question. On the other side, it has been pointed out that it is going to ruin our industries. I am confident that the cry that it is going to ruin all the industries is not a valid one. There are the older firms, old-established limited companies, which will not be affected by this legislation, for the simple reason that apart from the capital they have built up a large reserve which is going to stand them in good stead. On the other side there is this picture that as far as new companies are concerned, capital is certainly going to get shy, because of this taxation. One result that is going to come out of this taxation is that capital is going to become more shy than it already is, in this country. Witness the transactions that have been taking place in the last two weeks in the exchanges where the exchanges have to fix frantically certain minimum rates in order to control their transactions. The natural result will be that capital will be driven from British India and it will take shelter in the Indian States. I beg to submit that the taxation that is now proposed is a very sudden jump. Hitherto 62 per cent. of the earnings of a company were allowed for dividends and 38 per cent. was taxed out. Hereafter 42 per cent. is left for dividends and 58 per cent. will be taken away by the proposed taxation. More than half is taxed by this proposal. As I have already observed it will not affect an established industry. It will not affect the large firms which have already taken root in this country but what about the new firms that are going to be started. An investor goes to a company among other reasons for the stability of his savings. After stability, comes the rate of profit. As regards stability the older companies are there to assure the investor that there is stability. As to the rate of profit that a certain investment would carry, capital will certainly get shy if it is only 42 per cent. that will be available for dividends and the rest taxed off. If a big cement company with a capital of a crore of rupees is to be started, then these difficulties are certainly going to be serious. One of the paper mills in Bengal, the oldest of them, which has a capital of ten lakhs has built up a reserve fund of 1½ crores. They will be able to declare a higher dividend because their working capital is 1½ crores plus 10 lakhs which is one crore and sixty lakhs and therefore with that they will be able to declare a dividend for ten lakhs (which is the capital) and the dividend will be sizable dividend. Suppose a new paper mill is floated with 10 lakhs. It has no reserve fund with which to earn and the dividends will be very small and therefore the incentive to the investing public will be lost.

Under these circumstances there must be some solution out of it. It is possible to maintain such a taxation level and also, I think, ways and means can be devised by which it is possible to link up this tax with the dividend that is declared. If the Honourable the Finance Member consults a few of the senior members of this House I dare say it will be easy for him to find out ways and means by which it is possible to link up dividend with taxation. Taxation may be based upon a percentage of the dividend or by some such way may be

found. I submit that this is one of the possible ways in which the Honourable the Finance Member can solve the problem.

As I have been saying it is not only this taxation that is going to affect the newer industries but the psychological attitude behind the taxation. It is in fact certain words and sentiments expressed by the Honourable Member on the floor of this House that is going to affect. After all, it is not the direct incidence of the taxation that is affecting the stock exchange now. For instance, consider the inquisition into past income, the proposal to tax capital increase. It is all these taken cumulatively that will make the capital shy and drive it to the Indian States.

One other point as to the taxation of tea. It is a very well conceived measure. I do not drink tea.....

**Mr. P. J. Griffiths:** Shame!

**Mr. S. T. Adityan:** .....and it is not for that purpose that I am supporting the tea duty. I am supporting it on other grounds. What is the income that the Government is going to get out of tea? Is it anything like the U.K.C.C. which purchased sugar at cheap rates and sold at three and four times the price elsewhere? Is it like the Burmese Government purchasing Rice for Rs. 150 per ton and selling at Rs. 300 or Rs. 400 to this Government. It is not

**6 P.M.** like that. It is a very small increase and that on a luxury and therefore the other countries can afford to pay it. With these words, madam, I conclude.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 4th March, 1947.