

THE
LEGISLATIVE ASSEMBLY DEBATES
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Volume III, 1947

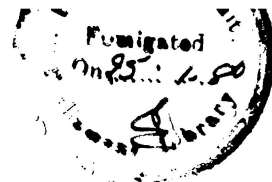
(10th March, 1947 to 24th March, 1947)

THIRD SESSION
OF THE
LEGISLATIVE ASSEMBLY
1947



A. B.

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LEGISLATIVE ASSEMBLY

President :

The Honourable Mr. G. V. MAVALANKAR.

Deputy President :

Khan MOHAMMAD YAMIN KHAN, M.L.A.

Panel of Chairmen :

Syed GHULAM BHIK NAIRANG, M.L.A.

Mr. P. J. GRIFFITHS, M.L.A.

Sardar MANGAL SINGH, M.L.A.

Shrinati AMMU SWAMINADHAN, M.L.A.

Secretary :

Mr. M. N. KAUL, Barister-at-Law.

Assistants of the Secretary :

Mr. A. J. M. ATKINSON.

Mr. HASAN MOHAMMAD KHAN.

Mr. N. C. NANDI.

Marshal :

Captain Haji Sardar NUR AHMAD KHAN, M.C., I.O.M., I.A.

Committee on Petitions :

Khan MOHAMMAD YAMIN KHAN, M.L.A. (*Chairman*).

Syed GHULAM BHIK NAIRANG, M.L.A.

Shri Sri PRAKASA, M.L.A.

Mr. C. P. LAWSON, M.L.A.

Sardar MANGAL SINGH, M.L.A.

CORRIGENDA

to

Index to Legislative Assembly Debates, Volumes I to V, 1947

(3rd February, 1947 to 12th April, 1947)

- Page 11, transfer line 9 above line 6.
- Page 13, omit line 12 from bottom and transfer line 11 from bottom after line 32 from top.
- Page 17, omit line 6 from bottom.
- Page 19, insert "Reserve Bank of India (Second Amendment) Bill. 3092, 3095-96, 3099, 3104." above line 20 from bottom.
- Page 27, insert "Publicity by certain newspapers of the recommendations of the Select Committee on — before the presentation of the report. 1538-39." over line 2 from bottom.
- Page 29, omit existing line 9 and in existing line 25 for "BISCUIT(S)—" read "BIRD(S)—".
- Page 36, omit lines 7 and 8.
- Page 42, after line 16, insert "CIVIL SUPPLIES—".
- Page 43, for line 2 under "COACH(ES)—", read "Air conditioned — on G.I.P., B.B. & C.I., M. & S.M. Railways. 2905-06."
- Page 46, above line 4 from bottom, insert "Terms of reference of Armed Forces Nationalisation Committee. 2940."
- Page 51, under "COTTON—", in line 3, for "907-07" read "906-07".
- Page 58, above line 12 from bottom, insert "Capital Outlay on Civil Aviation. 1966."
- Page 60, for existing line 5, read "Functions of the Commodities Prices Board and matters connected therewith. 1626-42."
- Page 62, under "DEMONETIZATION—", for "2399" read "2390".
- Page 65, last line, for the illegible figure read "3140".
- Page 78, under "FORCES—" after line 3, insert "See also 'Army(ies)'".
- Page 80, in line 3, for "Allied" read "Armed".
- Page 84.—(i) omit line 2;
(ii) above line 32 from bottom insert "Consideration of Clauses. 510, 528, 945."; and
(iii) omit line 30 from bottom.
- Page 86, under "GOVERNMENT SERVANTS—" after line 4, insert "See also 'Employee(s)'" and omit line 6 from bottom.
- Page 100, under "HOUSING—" in line 2, after "re-housing" insert "scheme".
- Page 103, in line 9, for "1958-69" read "1968-69".
- Page 107, for line 28 from bottom, read "INDUSTRIAL DISPUTES BILL—"; and omit line 24 from bottom.
- Page 110, above line 11 from bottom, insert "Motion re—".
- Page 122, at the end of last line, read "Simla. 3068-69."
- Page 123, omit line 3 from top.
- Page 127, under "LANGUAGE—" after line 3, insert "order in addressing the House in a vernacular and ruling by Mr. President that an Honour-".
- Page 134, omit line 5 from bottom and in last line, for "890-92" read "990-92".
- Page 138.—(i) under "MANUFACTURE—" in lines 13 and 14, for "dry-stuffs" read "dyestuffs";
(ii) under "MANU SUREDAR, MR.—" omit line 4, and in line 5, insert "2753 59" before existing page numbers.
- Page 140, in line 35 from bottom, for "drystuffs" read "dyestuffs".
- Page 144, under "MATTHAI, THE HONOURABLE DR. JOHN—" after line 3, insert "Construction of new lines. 1950."

- Page 149, under "MOMBASA—" for the illegible figure read "96".
- Page 153, under "MUTINY—" after existing figures read "763-64".
- Page 154, for existing line 10 from bottom read "Recommendations of the Armed Forces Nationalisation Committee. 1758." and omit line 8 from bottom.
- Page 156, under "NAVY, ROYAL INDIAN—" in line 7, for "the Committee" read "the report of the Committee".
- Page 161, below last line, insert "See also 'Factory(ies)'"
- Page 162, for existing line 16, read "ODDH AND TIRHUT RAILWAY—" and omit lines 1 and 2 at top of the page.
- Page 169, under "PIPERADIH COLLIERY—" for "3389" read "3388".
- Page 172, omit line 7 and transfer the next line after line 1 under "POSTAL EMPLOYEE(S)—".
- Page 173, under "PRESS(ES)—" omit line 1.
- Page 180, for line 7 from bottom, read "Increase of — fares below Re. 1. 1228-29."
- Page 184, in line 10, the missing figure is "1097".
- Page 191, in line 18, for "2920" read "2926".
- Page 199, omit last line.
- Page 204, omit line 3 from bottom.
- Page 205, for existing line 3 from bottom, read "strike. 19-20."
- Page 206, at the end of last line, insert "Provinces. 169-70."
- Page 214, for existing line 18 from bottom read "SKELTON—".
- Page 220, at the end of line 9 from bottom, insert "1313-14".
- Page 223, in line 21 from bottom, for "strike as" read "strikers at".
- Page 224, under "SUGAR—" insert "Question re—" as first line.
- Page 226, under "SUNHEMP—" for "1608. 07" read "1606-07".
- Page 232, in last line, for "89" read "88".
- Page 251, line 19 from bottom, for "3396" read "3395".
- Page 252, after line 7, insert "Motion re—" ₁

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LEGISLATIVE ASSEMBLY

Tuesday, 18th 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. Mangalore Puroshotam Pai, M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

ROLLING STOCK ENGAGED IN RUNNING MILITARY SPECIAL TRAIN.

†1005. *Seth Govind Das: Will the Honourable the Railway Member be pleased to state:

(a) the number of military specials run by Government from June 1946 to December 1946; and

(b) the number of rolling stock which is still engaged in running these military specials; and whether any attempts are being made to reconvert it for civilian use?

The Honourable Dr. John Matthai: (a) Military trains are divided into two categories, Military Mail trains which run at regular intervals between specific stations carrying Service personnel on leave or duty as individuals or small parties and Military Special trains which are run as required for large parties of Service personnel. During the period June to December 1946, 2851 Military Mails and 912 Military Special trains were run.

(b) The latest information available is up to the 28th February 1947, on which date 627 coaching vehicles of various classes were still retained by the Defence Department for their exclusive use. Since the cessation of hostilities, the Defence Department have been releasing rolling stock as and when it has become surplus to military requirements and these releases continue. The Railway Board have throughout kept in close touch with the Movements Directorate, G.H.Q. (I), with a view to ensuring that coaching stock is returned to railways as speedily as possible. Coaching stock released by the Defence Department is placed in civilian service as quickly as the necessary repairs and reconditioning permit.

PURCHASE OF RUSSIAN NEWSPRINT BY VENEZUELAN GOVERNMENT

†1006. *Seth Govind Das: Will the Honourable Member for Industries and Supplies please state:

(a) whether Government are aware that the Venezuelan Government have bought 4,000 tons of Russian newsprint for about Rs. 30 lakhs;

(b) whether the Government of India have approached the Soviet Government with a demand for newsprint; and

(c) if so, whether there is any possibility of getting newsprint from the U. S. S. R.?

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

Mr. M. P. Pai: (a) No.

(b) and (c). Some offers of supply have been received from suppliers of Russian newsprint and these have been passed on to the trade. It is understood that orders have been placed by some firms for Russian newsprint and others are under negotiation.

MANUFACTURE OF DYESTUFFS IN INDIA

1007. *Mr. Manu Subedar: (a) Will the Honourable Member for Industries and Supplies please state what financial interest the Government of India have in the proposed scheme for the manufacture of dyestuffs in India?

(b) What is the set-up of this scheme and what is the role of the Tata Company and the Imperial Chemical Industries therein?

(c) Have Government any particulars of the proposal or the negotiations?

(d) Have the terms been already fixed, or are they under negotiation?

(e) Did Government depute Dr. Venkataraman to Germany and to meet officers of the Imperial Chemical Industries in Europe and, if so, in what capacity and on what terms?

(f) What was the cost incurred by Government?

Mr. M. P. Pai: (a) The Government of India have no financial interest in the set-up referred to in Clause (b) or in any other scheme for the manufacture of dyestuffs in India.

(b), (c) and (d). I understand that some negotiations are in progress for the formation of a Tata-ICI combine for manufacturing dyestuffs in India, but beyond that Government have no information.

(e) Dr. Venkataraman was one of 48 technicians selected and sent by the Government of India to Germany to study and report on the development in technique in various industries during the war. Their reports were to be submitted to the British Intelligence Objectives Sub-Committee (under whose auspices these visits were arranged) and also direct to the Government of India with reference to the development of Indian Industries. Dr. Venkataraman investigated the Dyestuffs Industry. He has returned to India, and his report is awaited.

He was a technical consultant of Messrs. Tata Sons Ltd. for their Dyestuffs project before he visited Germany; and in that capacity he visited the I.C.I. factories during his brief stay in England before he visited Germany. On completion of his work in Germany he proceeded to the U.S.A. where he studied the dyestuffs organisations and chemical industries (on behalf of Tatas)—for which the expenses were not borne by the Government of India.

(f) The expenditure incurred by the Government of India on his deputation to Germany was about Rs. 3,000.

Mr. Manu Subedar: The Honourable Member said that they have no information with regard to parts (b), (c) and (d). May I know if Government are using the Capital Registration Department or their own department or some other machinery for getting information with regard to compact arrangements between Indians and foreigners and the terms and conditions in order to see that these are fair to India?

Mr. M. P. Pai: This is specially a matter for consideration when an application is actually made for the issue of capital or for the import of capital goods. On the general issue there was a debate in this House about a month ago and the policy of Government should have been made fairly clear then.

Mr. Manu Subedar: Having regard to the criticisms of such ventures which are frequently coming out, will the Honourable Member examine in his department the desirability of issuing a press note giving Government's general view as to the nature of these combinations?

Mr. M. P. Pai: Yes, Sir, the question will be considered.

Dr. Zia Uddin Ahmad: Was Dr. Venkataraman sent to investigate the possibility of manufacturing aniline dyes in India?

Mr. M. P. Pai: He was one of 48 technicians sent to Germany to study the development and technique in respect of various industries, and the intention is that the reports sent by these technicians will be generally available to anybody in India.

Dr. Zia Uddin Ahmad: I am talking of aniline dyes. After the last great war the British, Americans and Frenchmen tried to get the secret of aniline dyes and failed.

Mr. M. P. Pai: The purpose of his visit was to study the dyestuffs industry in all its aspects and not particularly in regard to aniline dyes.

Mr. Vadilal Lallubhai: In view of many such combines coming into existence and many being in the offing, will Government make the position clear that they do not view with equanimity these combines which get into partnership with foreigners?

Mr. M. P. Pai: That is a general question on which the Advisory Planning Board have made certain suggestions which are now under the consideration of Government.

Mr. Vadilal Lallubhai: When will Government finish the consideration of that report and declare their policy?

Mr. M. P. Pai: I can hardly answer that and say how long they will take; the report is now before Government.

Mr. Vadilal Lallubhai: What steps are Government taking to safeguard Indian interests in the meantime?

Mr. M. P. Pai: There are means by which Government can check any undesirable combinations: (a) through the check exercised through capital issues control, and (b) through check exercised through import of capital goods.

Mr. Vadilal Lallubhai: I know they can check, but are they actually doing it?

Mr. M. P. Pai: Yes, Sir, Government are doing it.

Prof. N. G. Ranga: What steps are Government taking to encourage the establishment of a factory or a number of factories for the manufacture of dyestuffs in India?

Mr. M. P. Pai: It will be left to private enterprise.

Prof. N. G. Ranga: Is anything being done by private enterprise or by Government at present?

Mr. M. P. Pai: Quite a number of companies have either gone into formation or propose to go into formation for the production of dyestuffs in India.

Prof. N. G. Ranga: Are Government giving any specific encouragement to these people?

Mr. M. P. Pai: No special encouragement is given, but the same encouragement as is given to any industry of importance.

SCHOLARSHIPS TO INDIANS FOR TRAINING AT THE IMPERIAL CHEMICAL INDUSTRIES WORKS FOR THE MANUFACTURE OF DYESTUFFS

1008. ***Mr. Manu Subedar:** (a) Will the Honourable Member for Industries and Supplies please state how many scholarships have been sanctioned for the training of Indian graduates at the Imperial Chemical Industries Works in connection with the manufacture of dye-stuffs?

(b) How many have been availed of and by whom?

(c) Do Government propose to give an assurance to this House that the controlling interest in this enterprise in India will be both directly and indirectly in Indian hands?

Mr. M. P. Pai: (a) None.

(b) Does not arise.

(c) Government will bear this in mind, whenever it is possible to shape it in that manner.

DISPOSAL OF TIMBER BY THE DISPOSALS DEPARTMENT

1009. *Mr. Manu Subedar: (a) Will the Honourable Member for Industries and Supplies please state the amount of timber the Disposals Department got for disposal upto the latest available date when declarations of surplus were made?

(b) How much of this has been disposed of?

(c) What is the range of prices realised for (i) Burma teak, (ii) country teak, and (iii) other varieties?

(d) How much has been retained by Central Government Departments?

(e) Which are these Departments and for what purposes have they retained this timber?

(f) How much has been taken over by the Provincial Governments and for what purposes?

(g) Have Government taken any steps to see that the timber goes to the consumers, *i.e.*, parties interested in building, and, if so, what steps?

Mr. M. P. Pai: (a) Supply Department's holdings of timber on 1st January 1946 were approximately 3,60,000 tons. The whole of this stock was not a true surplus as Central Government's requirements were expected to continue (although at a reduced rate) throughout 1946 and delivery against certain outstanding balances had yet to be completed. In addition to the Supply Department's stocks, *ad hoc* surplus declarations of timber were received from the Defence Services upto the end of 1946 totalling approximately 75,000 tons.

(b) Approximately 2,36,500 tons upto 31st December 1946.

(c) (i) Rs. 7 to Rs. 30 per c.ft.

(ii) Rs. 2-2-0 to Rs. 14-4-0 per c.ft.

(iii) Rs. 0-12-0 to Rs. 4-8-0 per c.ft.

(d), (e) and (f). During the year 1946, demands from Railways, Central Public Works, Defence and Food Departments of the Central Government were met to the extent of 47,000 tons. During the same period, the Governments of U.P., C.P. and Bombay took over nearly 1,30,000 tons.

(g) The respective Provincial Governments who purchased timber are responsible for equitable distribution within their own territories. In the case of other Provinces Provincial Forest Departments, who normally cater for the consumer's requirements within their respective areas act as Disposal Agents of the I. & S. Department. Since the bulk of timber has either been transferred to the Provincial Governments or is being disposed of by their Forest Departments, it can be assumed that the Provincial Governments concerned are looking after the requirements of the consumers.

Mr. Manu Subedar: Have Government examined the question as to whether Government Departments who take this timber are not merely holding it over like dog in the manger and whether it is true that they are taking over timber in larger quantities than they can use in the immediate future and in some cases for some years to come?

Mr. M. P. Pai: Government have no reason to think that any department is indenting in excess of its requirements. All requirements are carefully examined and the volume of demand is much below what it was during recent years.

Mr. Manu Subedar: Is it a fact that large quantities have been taken for the Sindri factory which they are not likely to use for the next two years and that by this policy the civil population are deprived of timber, which is scarce, for building houses?

Mr. M. P. Pai: If the Honourable Member wants to know what quantity of timber has been taken over by Sindri factory, I want notice of this question.

Shri Sri Prakasa: Are not these things sold by auction and if so how is the price level, to which the Honourable Member referred, maintained?

Mr. M. P. Pai: If the Honourable Member means the timber which is sold on behalf of the Central Government the usual practice is to sell it by auction, though occasionally timber is sold by negotiation. I have no information about the manner in which the Provincial Governments sell their stock of timber.

Mr. Manu Subedar: Is it a fact that Government are permitting from this disposal stock export of timber, which is very badly required in this country for Government and the civil population, to His Majesty's Government or abroad, and, if that is so, will Government examine the position and stop all exports of timber from this country?

Mr. M. P. Pai: No timber has been exported to His Majesty's Government for a long time, for at least a year so far as my memory goes. One small lot has been exported from the West Coast. It arose in Cochin and the Cochin Government gave us to understand that it was surplus to their requirements. It was a lot of jungle timber in which I do not think the people in the locality had any particular interest.

Mr. Manu Subedar: Is it not a fact that His Majesty's Government are taking up timber from this country for ship-building purposes whereas this timber is required for this country's civil population as well as Government. Will the Honourable Member look into this matter and if that is so, will he see that no further exports take place?

Mr. M. P. Pai: I will have it examined.

SCARCITY OF JUTE BAGS AND ITS EFFECT ON PRICE OF CEMENT.

1010. ***Mr. Manu Subedar:** (a) Will the Honourable Member for Industries and Supplies be pleased to state whether his attention has been drawn to the suggestion of Sir H. P. Mody appearing in the "Free Press Journal" dated 18th January, 1947, that prices of cement should be raised, because of the difficulty in obtaining jute bags?

(b) Have Government received such a suggestion officially?

(c) What steps do Government propose to take to see that the conditions for the supply of jute bags improve and that prices of cement are not raised?

(d) Is it a fact that the total output of cement in India has been reduced and, if so, do Government propose to provide for increased output so as to reduce automatically the price per unit?

Mr. M. P. Pai: (a) and (b). Yes, Sir. The whole question was very carefully looked into and Government have agreed to increase the price from Rs. 60 to Rs. 65 per ton.

(c) The Honourable Member is doubtless aware that there is now no control on the price of jute bags. I would be grateful for any suggestions which may be made for improving the supply of jute bags.

(d) The total output of cement has not gone down as compared with the previous figures although very recent figures show a slight downward trend.

Mr. Manu Subedar: May I know why such a heavy increase as Rs. 5 per ton has been agreed to merely because of the jute-bag issue, and since my Honourable friend wanted suggestions may I know whether second-hand bags could not be reconditioned for use.....

Mr. President: Suggestions will not be permissible by questions and answers.

Mr. Manu Subedar: May I know then whether the increased cost of jute bags justifies an increase of Rs. 5 per ton in the price of cement, and may I also know whether there were any other reasons for which this increase was agreed to?

Mr. M. P. Pai: The increase in the element of cost represented by jute bags comes very nearly to Rs. 5 per ton.

Mr. K. O. Neogy: The Honourable Member referred to the downward trend in the output of cement. Is he in a position to say whether an enquiry has been made into the factors that may have contributed to this trend?

Mr. M. P. Pai: It is not very great; it is somewhere near 5 per cent. It is not so serious that the Government should investigate into the factors responsible for it:

Mr. K. O. Neogy: Are the Government assured that the output will increase in the near future?

Mr. M. P. Pai: What is holding up the supply of cement is not so much production as transport.

Shri Sri Prakasa: Could the Honourable Member tell me where I could get some cement as I have not been able to get any though I have been in great need trying very hard to get it in Benares and Jaunpore?

(No reply was given.)

Dr. Zia Uddin Ahmad: May I ask whether the rise in the price of bags is due to the fact that bags are not available, or whether it is due to lack of transport facilities? What are the reasons?

Mr. M. P. Pai: It is due to an increase in the market price. When the control was on, jute bags were selling roughly at Rs. 37/8/- a hundred. The price today is, I believe, somewhere about Rs. 75 a hundred.

Shri Sri Prakasa: What is the reply to my question? Where am I to get cement?

Mr. President: Order, order. Next question.

RISE IN WAGES AND PRICES AND ITS EFFECT ON COMMODITIES

1011. ***Mr. Manu Subedar:** (a) Will the Honourable Member for Industries and Supplies please state what steps Government are taking to see that the spiral of wages and prices does not affect most of the commodities in India, in which production appears to have fallen, such as steel, paper, sugar, cloth and cement?

(b) Do Government propose to consider the desirability of appointing a Price Board, which will go into these issues as and when they arise?

(c) Have Government examined whether the units of production in all cases are economic and whether the necessity for raising prices cannot be avoided by increasing production?

(d) How do the prices-cum-duty of imported articles in the five categories mentioned in part (a) compare with the controlled selling prices in this country?

Mr. M. P. Pai: (a) The Government are ever mindful of the effect of a rise in wages and prices on the production of articles in short supply. The prices of all these commodities are reviewed periodically and the interests of the consumer and the need for increasing production are kept in view when the prices are fixed. There has been a steady decrease in the controlled prices of steel, paper and cloth since 1944. The production of paper, sugar and cement has considerably increased as compared with the prewar years.

(b) A Commodity Prices Board has been set up to go into these issues.

(c) Excepting a few Steel Re-rolling Mills, a few old Paper Mills and some Textile Mills, all the units of production of the articles in question are believed to be economic. Every possible step is being taken to convert the uneconomic units into economic ones and technical advice, and assistance for the procurement of machinery, raw material, etc., are given. Every endeavour is being made to increase production of all commodities in short supply.

(d) There has so far been no import of sugar and cement. But it may be stated generally that retail selling prices of all imported articles of the five categories in question are higher than the controlled selling prices of the indigenous articles of comparable quality. A statement showing the ceiling prices of a few broad categories of indigenous and imported articles is laid on the table.

Statement

Description	PRICES					
	Indigenous			Imported		
	Rs.	A.	P.	Rs.	A.	P.
I. PAPER						
1. Bleached printing paper ...	0	7	5	0	14	5 per lb.
	to					
	0	8	5	per lb. plus additional price of 3 pies per lb. if supercalender.		
2. Bleached writing paper :						
(a) Cream laid or wove.	do.			0	13	7 „
				0	14	5 „
(b) Bonds and ledgers	0	7	5	0	13	9 „
				0	11	2 „
	plus additional price from 3 pies to 6 annas per lb. for supercalender and rag finish.					
3. White cartridge	0	7	5	1	0	10 „
4. Kraft paper	0	7	3	0	11	6 „
				0	12	4 „
						to
5. White blotting	0	11	8	0	11	11 „
				1	6	4 „
						to

Description	PRICES					
	Indigenous			Imported.		
	Rs.	A.	P.	Rs.	A.	P.
II. CLOTH						
6. Heavy sheeting (Coarse)	0	8	1	1	0	11 per yard
7. Sheeting Grey (Medium)	0	8	0	0	14	0 ..
8. Print Cloth (Medium)	0	8	6	0	12	3 ..
9. Lawn (Super fine)	0	13	0	0	13	7 ..
10. Grey Sheeting (fine)	0	6	5	0	9	1 ..
11. Grey Mull (Super fine)	0	14	7	1	2	7 ..
12. White Mull (fine)	0	13	6	1	1	4 ..
III. STEEL						
13. B.R.	235	0	0	Landed cost	359	5 9 per ton
14. Joists.	225	0	0		322	12 10 ..
15. Galvanised Sheets	320	0	0		510	3 2 ..
16. Tinplates	523	9	7		547	10 3 ..
17. Billets	156	0	0		221	6 5 ..

Mr. Manu Subedar: May I know why paper prices are maintained so high and whether Government will not endeavour to make a re-examination of the current prices of paper produced in this country?

Mr. M. P. Pai: The present prices were fixed, Sir, sometime last July or August, after a very careful scrutiny, and Government have no reason to think that the costs of production have gone down since then.

Prof. N. G. Ranga: With reference to part (c) what are the steps that Government are taking to help uneconomic units to come to economic levels of efficiency?

Mr. M. P. Pai: It all depends on the facts of each case.

Prof. N. G. Ranga: But has Government got any control, legislative or administrative, over the management of these industrial concerns to help or force them to increase their level of efficiency and thus become economic units?

Mr. M. P. Pai: There is no means of forcing them but our officers do visit these mills periodically and when they think anything should be done to improve production they give such advice as they are capable of doing.

Prof. N. G. Ranga: Who are those officers? How are they designated?

Mr. M. P. Pai: They are on the staff of the Director General of Industries and Supplies.

Mr. Manu Subedar: Will Government examine the proposal to suspend duty on the import of paper for one or two years until the much unsatisfied demand for paper for book publication in this country is met by the import of paper from abroad?

Mr. M. P. Pai: The Government do not believe that a reduction of the import duty is likely to increase supplies. Most exporting countries work on the basis of certain quotas to their own normal customers, and the quota fixed for India is not likely to go up merely because the import duty is reduced.

Mr. Manu Subedar: Will Government examine the question with a view to destroy the black-market? As soon as the suspension of import duty is announced, will not hoarded stocks of any paper come into the market? Is it not true that there are hoarded stocks?

Mr. M. P. Pai: No, Sir. I do not think it would be correct to say that there are hoarded stocks of paper. In fact for the last few months, the paper position has been easier than it has been previously.

Dr. Zia Uddin Ahmad: Do I understand correctly that the abolition of the import duty on paper will not tend to diminish the price level in this country?

Mr. M. P. Pai: It would reduce the price of the imported paper certainly. But it would have no effect on the prices of the indigenous papers which are well below the price of imported paper. That apart, most of the imported papers consist of specialized categories not produced in India and the prices of those categories would have no effect on the prices of paper manufactured and sold in India.

PRICES OF MOTOR CARS.

†1012. ***Seth Govind Das:** (a) Will the Honourable Member for Transport be pleased to state whether Government are aware that the prices of motor cars have gone up by about 30 per cent. since the de-control of their prices?

(b) Is it a fact that Government gave an assurance that if the prices rise considerably, the control will be re-introduced?

(c) Do Government propose to introduce the control again?

The Honourable Dr. John Matthai: (a) and (c). The Honourable Member is referred to the reply given by me on the 17th February, 1947, in this House to Question No. 335, by Sardar Mangal Singh.

(b) Government did not give any assurance that Central control would be reintroduced if prices rose considerably

GOVERNMENT PURCHASE MISSION FOR BUYING OF MACHINERY AND OTHER CAPITAL GOODS

†1013. ***Seth Govind Das:** Will the Honourable Member for Industries and Supplies be pleased to state:

(a) whether Government have appointed a Government Purchase Mission for the selection and buying of machineries or other capital goods in other countries; and

(b) if so, where they are stationed, their area of operation and their progress of work so far?

Mr. M. P. Pai: (a) and (b). Yes. The Purchasing Organisations have been set up by the Government of India to buy machinery and stores on its behalf in other countries.

They are (i) The India Store Department located in Blackpool, England. Its operations extend over Europe, and (ii) The India Supply Mission located in Washington, U.S.A. Its operations extend over North America.

The progress of work of these organisations depends on the orders placed on them by Government Departments in India, from time to time, and naturally varies with the demands made. I place on the table a statement showing the approximate figures of value of stores purchased by the two organisations during the past few years.

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

Statement showing the approximate figures of value of stores purchased by I. S. D. and I. S. M. during the past few years.

India Store Department, Blackpool.

Year	Rs. (in lakhs)
1941-42	800
1942-43	1,300
1943-44	933
1944-45	1,366
1945-46	2,730

Indian Supply Mission, Washington

Year	L/L Purchases (in lakhs)	Non-L/L Purchases (in lakhs)	Total (in lakhs)
	Rs.	Rs.	Rs.
1941	643	21	664
1942	2,102	43	2,145
1943	2,719	643	3,362
1944	1,957	3,992	5,949
1945	241	371	612
1946	..	2,423	2,423

NATIONALISATION OF ROAD TRANSPORT

†1014. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable Member for Transport please state the policy of Government in regard to Nationalisation of Road Transport?

(b) Do Government propose to appoint a Committee to consider as to what extent the Provincial Governments' proposals for Road Transport will affect the revenues of the Central and Provincial Governments?

The Honourable Dr. John Matthai: (a) I would invite the Honourable Member's attention to the reply given on the 28th October, 1946, to starred question No. 3, asked by Sardar Mangal Singh.

(b) No. As I stated in this House when I introduced the Railway Budget, any expenditure on Railway participation in Provincial road transport schemes will be subject to detailed approval by the Standing Finance Committee. The effect of such schemes on Provincial revenues is entirely the affair of the Province concerned.

1015. [Withdrawn].

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

FOOD SITUATION IN INDIA IN 1947

†1016. *Mr. Ahmed E. H. Jaffer: (a) Will the Secretary of the Food Department please make a statement regarding the food prospects in India during the year 1947?

(b) What is the state of the harvests for 1947 and what are the prospects of imports of foodgrains into India during the next six months?

Mr. K. L. Panjabi: (a) and (b). Owing to our being unable to obtain the imports we needed in 1946 we started 1947 with low stocks. The stock position, taking the country as a whole, has improved as far as rice is concerned but the effect of the poor wheat crop of last year and the fact that part of it was used to feed the deficit rice-eating South has led to acute wheat shortage at this time. Imports of wheat have been unequal to our needs and to-day though there are sufficient overall stocks of all grains to support rationing there is a scarcity of wheat. The rice crop has been good in Bengal and fair in Madras, Bihar, Orissa and Eastern States. It has been poor in Bombay, C. P. and in parts of Sind. On the whole it is estimated that the out-turn of rice is better than that of the poor crop of last year. As far as Rabi is concerned the condition of standing crops is good in Northern India but severe damage by rust has been caused to the wheat crop in Central Provinces, Hyderabad, Bombay, Central India and Gwalior.

We shall continue to need imports on a large scale but no allocations have yet been made by the International Emergency Food Council for the second half year of 1947 and it is impossible to say at present how much we shall be able to import and in what grains.

LEGISLATION FOR STABILISING THE AGRICULTURAL ECONOMY OF INDIA

†1017. *Mr. Ahmed E. H. Jaffer: (a) Will the Secretary of the Department of Agriculture please state if Government propose to introduce legislation to stabilise the agricultural economy of India?

(b) Do Government propose to consider the desirability of appointing an Expert Committee to consider measures for the removal of the pressure of population and raise the status of agriculture in the country?

Sir Pheroze Kharegat: (a) Legislation affecting agriculture is primarily a provincial responsibility; but in respect of Centrally Administered Areas it is proposed to introduce legislation for the regulation of money-lending, for the relief of agricultural indebtedness, for the regulation of agricultural produce markets, for the consolidation of holdings and the prevention of fragmentation, for tenancy rights and for land development. Further action will be taken in the light of the recommendations of the Committees on Agricultural Finance, Land Utilisation, Agricultural Prices, Agricultural Marketing and Co-operative Planning and Development which are all still under consideration.

(b) Government do not consider another committee necessary. These matters have already been examined by the Committees just mentioned as also by the Royal Commission on Agriculture and the Famine Commission. Moreover, the several development schemes which are under the consideration of the Central and Provincial Governments will also, when put into operation, help to relieve the pressure on land by providing more opportunities for employment.

REPORT OF THE DISPOSALS ENQUIRY COMMITTEE.

1018. *Shri D. P. Karmarkar: (a) Will the Honourable Member for Industries and Supplies be pleased to state whether the Disposals Enquiry Committee appointed by Government by a resolution dated 17th October 1946 has submitted its report?

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

(b) If so, what are its conclusions on the various issues connected with its enquiry?

(c) What action do Government propose to take on the Committee's report?

(d) If the Committee has not yet submitted its report, when is it likely to do so?

Mr. M. P. Pai: (a) to (d). The Disposals Enquiry Committee's Report which was submitted on the 1st March 1947 was considered by the Disposals Board on the 14th March 1947. The Report will be discussed with the Standing Advisory Committee of the Legislature for the Industries and Supplies Department before final orders are passed. The report and the decisions on the Report will soon be published.

Prof. N. G. Ranga: Has this report covered the disposal of the various buildings that were built during the war and which are now being either destroyed or dismantled?

Mr. M. P. Pai: I want notice of that question.

Dr. Zia Uddin Ahmad: Will the report contain the discussion that the artificial raising of the prices of the articles in the disposal directorate have put up the price level throughout India?

Mr. M. P. Pai: Since the whole report will be available shortly, there is no point to tell the Honourable Member what is in it.

Dr. Zia Uddin Ahmad: Will the Honourable Member issue copies to the Members of the Legislative Assembly?

Mr. M. P. Pai: Yes.

Dr. Zia Uddin Ahmad: Because I believe.....

Mr. President: He has already replied to that.

Hafiz M. Ghazanfarulla: How many times was the Committee presided over by the Chairman?

Mr. M. P. Pai: I want notice.

SERVANTS COMPARTMENTS ON RAILWAYS

1019. ***Shri Sri Prakasa:** Will the Honourable Member for Railways be pleased to state:

(a) whether Government are aware that railway compartments reserved for servants are occupied by other passengers and that *bona fide* servants are crowded out; and

(b) the exact rules regarding servants coming into the higher classes in which their masters are travelling?

The Honourable Dr. John Matthai: (a) Government are aware that, on occasions, overcrowding in third class compartments leads to passengers other than servants of first and second class passengers, attempting to travel in servants' compartments, but it is by no means the case that the servants themselves cannot get accommodation in these compartments. Railway staff have standing instructions that servants are to be accommodated in servants' compartments and upper class passengers can always call upon the guard or checking staff for assistance when the servants cannot secure accommodation because compartments reserved for servants are occupied by passengers not entitled to travel therein.

(b) Principal railways allow servants in sole charge of 1st and 2nd class children passengers below 12 years of age, to travel in the same compartment

as the children, on payment of fare for the next lower class. Only one servant is allowed to travel in the same compartment with each party at the reduced fare, and the servant must not occupy a berth to the exclusion of a passenger who has paid his fare.

A lady travelling alone or with children under 12 years of age at night in a first or second class compartment reserved for ladies may, on principal railways, take into her compartment a female servant holding a third class ticket for that portion of the journey which is performed between the hours of 8 P.M. and 6 A.M. This concession will not apply when two or more ladies are travelling in the same compartment. The servant must leave the compartment when more than one adult passenger occupies it.

In addition servants can always attend on their masters while a train is stopping at a station, but they are required to leave the compartment before the train starts.

Shri Sri Prakasa: In view of the fact, as I can say from personal experience, that servants compartments are crowded by non-servant passengers, and in view further of the fact that even when appealed to, the railway officials find themselves absolutely helpless in removing those non-servant passengers from the servants' compartments, would it be permissible for the masters to have their servants with them in the higher classes, and if not, what are they to do?

The Honourable Dr. John Matthai: I am afraid not.

Shri Sri Prakasa: What exactly is the convention regarding servants coming into their masters' compartments, have not some servants themselves travelled with the Honourable Member in the higher classes while the train is in motion?

The Honourable Dr. John Matthai: No, Sir. No one travels with me in my compartment.

Shri Sri Prakasa: Is the Honourable Member not aware that there is a definite convention by which servants do come up to the masters compartments before the masters detrain to tie up their luggage, and if so what are the rules?

The Honourable Dr. John Matthai: Not while the train is in motion.

Shri Sri Prakasa: I should like to know from the Honourable Member as to what we are to do when the servants' compartments are crowded and servants cannot possibly get into them and they have to travel with their masters. As the Honourable Member is no doubt aware in the 'Deccan Queen' that runs between Bombay and Poona there are communicating doors between the higher classes and the servants' compartments and there are such doors also on the B.B. & C. I. Railway meter gauge trains that run from Delhi to Ahmedabad. Why are the rules different in these trains from what they are in other trains?

The Honourable Dr. John Matthai: I am aware of the problem that is worrying my Honourable friend. The provision is that when people other than servants travel in these compartments the passenger is expected to report the matter to the railway staff. But I can quite appreciate that under the conditions of overcrowding which now prevail it is often difficult to have this provision carried out. It is one of those conditions which result from the present overcrowding in trains.

Mr. K. C. Neogy: Is it the policy of the Government to encourage snobbishness which the demand for preferential facilities for servants of upper class passengers represents?

The Honourable Dr. John Matthai: This Government is considered a democratic government and it does not believe in encouraging snobbishness.

Shri Sri Prakasa: What is the principle in having separate servants compartments?

The Honourable Dr. John Matthai: For the convenience of the passengers who are accompanied by servants.

Shri Sri Prakasa: Does not that encourage snobbishness?

Mr. President: Next question.

RESERVATION OF RAILWAY COMPARTMENT FOR MEN ONLY

1020. ***Shri Sri Prakasa:** Will the Honourable Member for Railways be pleased to state:

(a) whether Government are aware that very often the compartment reserved for ladies are vacant, while ladies travel with their men folk in the general compartments;

(b) whether Government are aware that this causes inconvenience to other men passengers in the general compartments; and

(c) whether Government propose to consider the desirability of reserving some compartments only for men?

The Honourable Dr. John Matthai: (a) Yes, Sir. This happens on occasion.

(b) It is possible that inconvenience is sometimes caused to male passengers, but Government have no doubt that the general body of travellers have no complaint in the matter as they appreciate the arrangements under which members of families can travel together.

(c) Government feel that there is no justification for the step suggested and consider that the proposal, apart from involving the possibility of greater waste of accommodation, would not be welcome to the travelling public generally.

Shri Sri Prakasa: Could not the Honourable Member suggest to the railways that where there are empty ladies' compartments and men are crowded with ladies in the general compartments, these men may be permitted to travel in the ladies' compartment if they so like and for so long as no other ladies come into that compartment?

The Honourable Dr. John Matthai: It is difficult to carry out an arrangement of that kind.

PUBLICATION IN HINDUSTANI OF MAGAZINES ON NUTRITION, GROW MORE FOOD CAMPAIGN, ETC.

1021. ***Pandit Sri Krishna Dutt Paliwal:** Will the Secretary of the Food Department please state:

(a) whether it is a fact that most of the useful pamphlets of the Department as well as magazines dealing with Nutrition, Grow More Food Campaign, Improvement of Agriculture etc. are published in English only; and

(b) whether Government propose to publish these in Hindustani also?

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

(b) No, Sir, but it is open to the Provincial Governments or to private individuals to reproduce all or any of the contents of these pamphlets in the local language.

Pandit Sri Krishna Dutt Paliwal: In view of the fact that the Central Government has decided to encourage and promote Hindustani as the common language of India, will the Government consider the desirability of publishing these bulletins in Hindustani?

Mr. K. L. Panjabi: I have already mentioned that we have left it open to the provinces to publish the contents of these publications in the local languages. I might mention that the Government of Bombay are publishing translations of our monthly bulletin, Nutrition, in the languages of the province, namely, Hindi, Marathi, Gujerati and Urdu. Some other provinces and states are also publishing these bulletins in the local languages. We do not think that there is any necessity to issue a translation in Hindustani from the Centre.

Pandit Sri Krishna Dutt Paliwal: In view of the fact that Hindustani is not a provincial language but is an all India language, will Government consider the desirability of publishing these bulletins in Hindustani?

Mr. K. L. Panjabi: May I invite the Honourable Member's attention to the fact that in certain provinces the bulletin if published in Hindustani would not be understood by the masses.

Mr. Vadilal Lalubhai: Will the Honourable Member say why he insists on publishing these bulletins in a foreign language?

Mr. K. L. Panjabi: The bulletins are published in English. At the same time translations are issued by some provincial governments.

Mr. Vadilal Lalubhai: Is the Honourable Member not aware that there are few people knowing English in this country and the majority of the people do not know English?

Mr. President: Order, order.

PRIORITY FOR TRANSPORT OF FIREWOOD UNDER GOVERNMENT ALLOTMENT

1022. *Pandit Sri Krishna Dutt Paliwal: Will the Honourable Member for Transport be pleased to state:

(a) whether it is a fact that high priority has been granted by the Railway Authorities for the transport of firewood under Government allotment;

(b) whether Government are aware that in spite of this priority, dealers other than the district nominees who import firewood privately are in a position to secure wagons more easily than the nominees;

(c) whether Government are aware that due to this difficulty in getting wagons by the district nominees there is an acute shortage of firewood in many cities such as Agra; and

(d) whether it is also a fact that the District Magistrate in Agra has written a letter to the Commissioner, Food and Supplies, United Provinces, Lucknow drawing his attention to the above facts?

The Honourable Dr. John Matthai: (a) Yes, class 1(f).

(b) Records of the movement of firewood maintained by the E.I. and O.T. Railways do not support the allegation that wagons are allotted to private traders in preference to Government nominees.

(c) Does not arise.

(d) Government have no information.

Pandit Sri Krishna Dutt Paliwal: Will the Honourable Member enquire and find out whether the information contained in part (b) of the question is correct? He can take it from me that the facts stated there have been stated after due enquiry by me from the district nominees.

The Honourable Dr. John Matthai: Sir, we have made some investigations into this question. As I have said in my reply the figures that we have received do not support the point raised by my Honourable friend, as far as the E. I. and O. T. Railways are concerned: I believe there has been a certain amount of difficulty with regard to the transport of firewood on the B. B. & C. I. Railway,

where firewood from the B.B. and C.I. area is carried into the U.P. We have made some investigation in regard to this and although there has been difficulty in the matter of wagon accommodation, the particular allegation made by my Honourable friend has not been substantiated.

TELEPHONE EXCHANGE AT PALGHAT

1023. *Sri A. K. Menon: (a) Will the Secretary of the Communications Department be pleased to state whether it is a fact that Government have received a memorandum from the Chamber of Commerce Palghat, Malabar, requesting for the establishment of a Telephone Exchange at Palghat?

(b) What is the population of Palghat and in how many towns of lesser population have Government established Telephone Exchanges since 1938?

(c) Do Government propose to establish a Telephone Exchange at Palghat now?

Mr. Masarrat Husain Zuberi: (a) Yes.

(b) The population of Palghat is about 60,000. The information required in the second part of this question is not readily available and it is not proposed to understand the collection as the results achieved will not be commensurate with the labour and expense involved.

(c) Yes. The question of opening an exchange at Palghat has been fully considered by Government and the work has been placed high on the priority list in the post-war development plans in the Madras Presidency. It is expected that it will be possible to open an exchange there sometime during the next year. A Public Call Office has meanwhile been opened there to give an initial telephone service to the public.

SHIPMENT OF WHEAT FROM TURKEY TO INDIA

1024. *Pandit Sri Krishna Dutt Paliwal: Will the Secretary of the Food Department be pleased to state:

(a) the result of Sir Robert Hutchings' discussions with His Majesty's Government regarding the shipment of wheat from Turkey to India and the purchase of wheat and cereals other than rice to meet the quota for India recommended by the International Emergency Food Council for the first half of 1947; and

(b) the results of other steps taken by Government so far from 1st January 1947 to import sufficient food grains to meet the anticipated shortage?

Mr. K. L. Panjabi: (a) The attention of the Honourable Member is invited to the reply given by me to the Short Notice Question by Mr. Ahmed E. H. Jaffer on the 21st February, 1947.

(b) 182,000 tons of wheat, 20,000 tons of flour, 45,000 tons of maize, 5,000 tons of millets, 83,000 tons of barley, 183,000 tons of milo and 130,000 tons of rice are being shipped to India during the first quarter of 1947. Continuous representations have been and are being made to countries which have surplus wheat and in respect of other grains we have got buyers purchasing grains for us where such grains can be obtained in the open market. We are carrying on certain negotiations the details of which it would be contrary to public interest to divulge at this stage. As regards rice, the bulk of our allotment is from South East Asia and is supplied to us according to our share and in accordance with the availabilities. We are making arrangements to obtain paddy from Indonesia this year also.

INDIANISATION OF THE RAILWAY BOARD

†1025. *Captain Syed Abid Hussain: (a) Will the Honourable Member for Railways please state the names of the present Members of the Railway Board?

(b) How many Europeans, Muslims, Hindus, and others have been Members during the last 10 years?

(c) Do Government propose to Indianise the Railway Board in the near future?

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

The Honourable Dr. John Matthai: (a) and (b). A statement giving the information is placed on the table of the House.

(c) It is Government's policy to Indianise the Railway Board and they will implement this policy to the extent that suitable Indians with the necessary experience are available.

Statement showing the names of the present Members of the Railway Board including the Chief Commissioner and the Financial Commissioner of Railways.

Chief Commissioner of Railways	Col. R. B. Emerson, C.I.E., O.B.E.
Financial Commissioner of Railways	Mr. A.C. Turner, C.S.I., C.I.E., M.B.E., I.C.S.
Member, Engineering	Dr. H. J. Nichols.
Member, Staff	Mr. Z. H. Khan.
Member, Transportation	Mr. G. A. Rowlerston.

Statement showing the number of Members including the Chief Commissioner and the Financial Commissioner of Railways during the last ten years.

Community	Number
Europeans	14
Hindus	4
Muslims	3
Others	1

STOPPAGE OF SERVING OF BEEF ON RESTAURANT CARS ON RAILWAYS .

†1026. ***Captain Syed Abid Hussain:** Will the Honourable Member for Railways please state:

(a) whether Government are aware that formerly beef used to be served in the Restaurant Cars on the Indian Railways; and

(b) whether Government are aware that only recently it had been stopped, if so, why?

The Honourable Dr. John Matthai: (a) Yes, Sir. Beef was served in the Restaurant Cars on Government Railways except in Indian Dining Cars.

(b) Government are aware that compliance with austerity regulations under which no alternative main dish can be provided, makes it difficult to include beef in menus. The question of the service of beef, pork etc., in dining cars and railway refreshment rooms has recently been examined by the Central Advisory Council for Railways, and their advice in this matter is under the consideration of Government.

HOSPITALS IN THE RAILWAY WORKSHOP CENTRES

1027. ***Sri V. Gangaraju:** Will the Honourable Member for Railways be pleased to state:

(a) the number of hospitals in the Railway Workshop Centres of the Bengal Nagpur and Madras and Southern Mahratta Railway zones;

(b) the number of doctors working in those hospitals;

(c) the number of lady doctors employed and the places where they are working;

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

(d) the number of midwives employed and the places where they are working; and

(e) whether those hospitals are provided with maternity beds and if so in what places?

The Honourable Dr. John Matthai: (a) There are two hospitals in the Khargpur Railway Settlement on the B. N. Railway and one hospital each at Perambur and Hubli on the M. & S. M. Railway.

(b) Nine doctors are employed in the hospitals at Khargpur, fourteen in the hospital at Perambur and nine in the hospital at Hubli.

(c) No lady doctors are employed in the hospitals at Khargpur. A lady doctor is in charge of each of the Maternity and Child Welfare Centres at Perambur and Hubli.

(d) There are seven midwives, four at Khargpur, two at Perambur and one at Hubli.

(e) The hospitals at Khargpur are provided with maternity beds.

Prof. N. G. Ranga: Could the Honourable Member state when he expects to provide lady doctors to these hospitals?

The Honourable Dr. John Matthai: The question of the reorganisation of railway hospitals is now under examination on the basis of a report which a railway doctor placed on special duty for the purpose has made.

Prof. N. G. Ranga: Will Government consider the advisability of constructing a similar hospital in Bezwada?

The Honourable Dr. John Matthai: I will have that examined.

SPENDING OF FOOD SUBSIDY OF RUPEES FIFTEEN CRORES

1028. ***Prof. N. G. Ranga:** Will the Secretary of the Food Department be pleased to state:

(a) how the subsidy of Rs. 15 crores for food is expected to be spent and on what cereals and in what proportion;

(b) the steps that are being taken to see that this subsidy benefits mostly the poorer sections of our people; and

(c) what is being done to prevent this subsidy from lowering the internal level of food prices to an unremunerative degree?

Mr. K. L. Panjabi: (a) The amount of subsidy from 1st April 1946 to 31st March 1947 is estimated at 20.59 crores. The cereal-wise distribution of the amount is as follows:

Wheat and Wheat Products Rs. 2.63 crores.

Rice Rs. 4.77 crores.

Maize, Millets, Barley, etc. Rs. 13.19 crores.

(b) and (c). The benefit of the subsidy is being passed on to all consumers. It was intended to stabilise internal prices at the level reached in April 1946 and not to depress them.

Prof. N. G. Ranga: How much do Government propose to spend during the coming year and in what proportion between the various cereals?

Mr. K. L. Panjabi: The Honourable the Finance Member, I believe, had indicated that his estimate of the requirements on this will be about Rs. 17½ crores. I cannot give an indication at present about the distribution between the various cereals as we do not know what we shall be getting.

Prof. N. G. Ranga: Why is it that even though the Foodgrains Committee over which Sir Theodore Gregory had presided had suggested that the food

consumption of the poorer people should be subsidised by Government, Government have been supplying these subsidised foodstuffs to all classes whether they deserve it or not?

Mr. K. L. Panjabi: I have already explained that the object of the subsidy is to maintain the internal prices at the existing level. The subsidy is given proportionately to the imports into all Provinces so that the Provincial Governments can sell imported grain at the existing prices.

Prof. N. G. Ranga: Is it not a fact that none of these Committees, including the Committee presided over by Sir V. T. Krishnamachari, has suggested such a practice as the Government has been following, namely to subsidise the food consumption of all classes whether they deserve it or not?

Mr. K. L. Panjabi: The Sir V. T. Krishnamachari Committee was concerned with long term proposals, and these are now under the consideration of the Government. But we were advised that the internal prices should be maintained and the imported grains subsidised.

Mr. C. P. Lawson: May I ask the Honourable Member whether he can tell this House what particular consignments from what particular countries have necessitated this very large expenditure in order to equalise the prices?

Mr. K. L. Panjabi: If this House so desires I will lay a statement on the table of the House. It will be a long one to read out.

Mr. President: He has not got the statement ready, probably.

Mr. C. P. Lawson: Could the Honourable Member not indicate even, say, the name of the country which is charging so much from us that it is necessary to spend this very large sum to approximate it to the cost of indigenous production?

Mr. K. L. Panjabi: The costs of all the imported grains generally are above those of grains produced locally. I have already mentioned that Burma rice has had to be subsidised and similar is the case in respect of rice imported from Siam and in respect of wheat and millets. I think generally speaking that all the imports have had to be subsidised.

Prof. N. G. Ranga: Has there been any committee or non-official expert who has made the suggestion that so much of money should be spent in order to subsidise foodstuffs with the purpose of so-called stabilisation of prices and if so which is that committee or who is that expert?

Mr. K. L. Panjabi: There has been no committee appointed as such. The decision has been taken by Government after consultations between the different Departments.

Dr. Zia Uddin Ahmad: In view of the fact that the sum of Rs. 20 crores is a very big sum for distribution among the Provinces in order to stabilise price levels, I would like to ask whether Government of India attempted to find out whether whose prices have been stabilised at all, and in what manner the Provinces have spent the Rs. 20 crores?

Mr. President: He talked about equalisation of prices, I think.

Mr. K. L. Panjabi: I mentioned stabilisation of prices.

Diwan Chaman Lall: Is my Honourable friend satisfied that the prices paid for food purchases in countries not covered by the Emergency Food Council were the correct prices to pay and the system of making purchases was satisfactory?

Mr. K. L. Panjabi: Yes, Sir. Government is satisfied that these purchases have been made at the best rates possible.

Diwan Chaman Lall: Is my Honourable friend aware that purchases of maize were made in the Argentine at 92 shillings a quarter and that the price later on that could have been obtained was 72 shillings a quarter?

Mr. K. L. Panjabi: The price prevailing at the time the purchases were made was 92 shillings a quarter.

Diwan Chaman Lall: Is my Honourable friend aware that the only two purchasers in the market in the Argentine were the High Commissioner for India in London and the Indian Trade Commissioner in Buenos Aires and each was competing against the other, without knowing that they were buying against each other?

Mr. K. L. Panjabi: I want notice of this question.

Diwan Chaman Lall: Is my honourable friend aware that as representing the Government of India I instructed the Trade Commissioner in the Argentine from London to stop his purchases because he was purchasing at very high rates?

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

Diwan Chaman Lall: Is my Honourable friend aware that as a result of that *en clair* cable being sent to the Trade Commissioner in the Argentine the price of maize fell from 92 shillings to 72 shillings a quarter?

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

Sir Cowasjee Jehangir: In some cases where food was bought from countries there was a reciprocal arrangement to sell to them some products of India. In those cases may I know whether those products were sold on the same basis on which food was sold to us?

Mr. K. L. Panjabi: Sir, this is a question covering several transactions. I can give the information if notice is given to me.

Diwan Chaman Lall: May I ask my Honourable friend again—I was interrupted by Sir Cowasjee Jehangir—whether it is a fact that some purchases made by the Trade Commissioner in Buenos Aires happened to be at a rate a little higher than the highest rate of the day during the time those purchases were made?

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

Shri Sri Prakasa: May we take it that the Government have undone all the good work that Diwan Chaman Lall had done in the Argentine and actually paid higher prices than those settled by Diwan Chaman Lall?

Mr. K. L. Panjabi: There have been no purchases since Diwan Chaman Lall's visit. The purchases in question were made before Diwan Chaman Lall went there.

Shri Mohan Lal Saksena: Diwan Chaman Lall had suggested that the purchases should be stopped by the Trade Commissioner. Am I to understand that the attention of the Honourable Member's Department was not drawn to the representation referred to by Diwan Chaman Lall?

Mr. President: I believe the representations were made at the end of the purchases.

Diwan Chaman Lall: The purchases were stopped.

Khan Abdul Ghani Khan: May I know from the Honourable Member why the amount of subsidy was Rs. 13 crores on corn while it was Rs. 4½ crores for rice and Rs. 2½ crores for wheat?

Mr. K. L. Panjabi: It depends upon the quantities imported.

Mr. C. P. Lawson: May we expect the statement that the Honourable Member mentioned just now to be laid on the table?

Mr. K. L. Panjabi: Yes.

Prof. N. G. Ranga: May I know whether Government have been pursuing a similar policy in regard to cloth, namely of importing cloth from abroad and subsidising in order to stabilise the prices of cloth in this country? If not, why not?

Mr. President: I am afraid it will be outside the scope of this question.

SUBSIDISING OF EXPORTS OF POTATOES AND FOODSTUFFS

1029. *Prof. N. G. Ranga: Will the Secretary of the Food Department be pleased to state:

(a) whether Government are aware that the Government of the United States of America are subsidizing exports of certain foodstuffs such as potato, and that potatoes purchased at Rs. 7 per 100 lbs. is being offered for sale at annas 2 per seer; and

(b) whether Government have taken steps to obtain adequate supplies of such subsidized food and if they have not so far done so, whether they propose to do so now?

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

(b) The reasons for not importing potatoes from the U. S. A. are stated in my reply to the short notice question put by Mr. Haji Abdus Sattar on the 12th February. As regards availability of other foodstuffs of similar nature enquiries are being made.

Prof. N. G. Ranga: May I know whether any purchases have been made of potato in the United States of America, and if so in what quantities?

Mr. K. L. Panjabi: May I invite the Honourable Member's attention to the reply given on the 12th February to the short notice question put by Haji Abdus Sattar?

Prof. N. G. Ranga: That is exactly my trouble, Sir. The Honourable Member is referring me to some other answer

Mr. President: Not to some other answer but to identical information given. If the Honourable Member has not read it or was not present in the House, he cannot press it.

Mr. K. L. Panjabi: I pointed out at that time that the difficulty was one of transport, that there would be undue wastage except in refrigerated ships and that the cost would be prohibitive. There is also a shortage of refrigerated ships.

FORMATION OF NATIONAL COMMITTEE OF THE F. A. O.

1030. *Prof. N. G. Ranga: Will the Secretary of the Department of Agriculture be pleased to state:

(a) whether it is a fact that the F. A. O. has asked the Government of India to form the National Committee of the F. A. O. to study the work, resolutions and recommendations of the F. A. O. and also to act as a channel of communication between Government and the F.A.O. and that several countries like Canada, the United Kingdom, Denmark, and the United States of America have already formed such committees several months ago;

(b) why Government have not yet formed the Indian Committee; and

(c) when it will be formed?

Sir Pheroze Kharegat: (a) A request has been received from the F. A. O. for the formation of a Liaison Committee.

(b) It was decided to await the report of the Committee on the re-organisation of the Departments of Agriculture and Food.

(c) Report of the Reorganisation Committee has just been received and is under examination. A decision regarding the appointment of the Liaison Committee will be taken as soon as the examination of Report of the Reorganisation Committee is finished.

Prof. N. G. Ranga: When was this request first of all received by Government from the F. A. O. that such a committee should be established in India?

Sir Pheroze Kharegat: I do not remember the exact date but it must be about four or five months ago.

RECONNECTION OF RAILWAY LINE BETWEEN MORAPPUR AND HOSUR ON S. I. RAILWAY

1031. *Prof. N. G. Ranga: Will the Honourable Member for Railways be pleased to state:

(a) when and why the branch Railway Line between Morappur and Hosur on the South Indian Railway was dismantled;

(b) whether it was a paying line and what dividend it was yielding;

(c) whether Government are aware that this line has been serving the transport and commercial needs of an important area, which is also within the famine zone of Salem District; and

(d) when this line will be reconstructed?

The Honourable Dr. John Matthai: (a) The Morappur-Hosur Branch line of the S. I. Railway was dismantled in October 1941 as it was commercially unremunerative.

(b) This Branch line worked at a loss during its entire existence and it was estimated that its closure would result in an annual saving of Rs. 92,000.

(c) Government are aware that the line was originally built as a famine feeder line but that it had outlived its usefulness with the growth of competitive road transport services in the area.

(d) There is no proposal at present to restore this Branch line as the Provincial Government have not so far recommended its restoration.

Prof. N. G. Ranga: In view of the fact that the Government of India was losing only Rs. 92,000 in pre-war days on this line and further in view of the fact that it can and it will serve as a famine protection line, will Government at least consider the advisability of starting it again?

The Honourable Dr. John Matthai: What happened in this case was that about two years ago the Railway Board consulted the then Provincial Government of Madras on the question who were not prepared to recommend the restoration of this line. Since the Ministry came into existence, a further reference has been made but no reply has so far been received but the matter will be taken up for consideration when that reply is received.

Sri V. C. Vellingiri Gounder: May I know whether when this line was constructed in 1870 a railway cess was levied?

The Honourable Dr. John Matthai: I am not aware.

Sri V. C. Vellingiri Gounder: In calculating the losses, was not a big item of expenditure on account of works not maintained there also calculated in arriving at a return?

The Honourable Dr. John Matthai: The results of the inquiries made before the war are not particularly relevant to the problem at present, because the great development of road traffic in that area has put an entirely new phase on that problem.

Sri V. C. Vellingiri Gounder: With regard to the importance of the question of connecting Mysore with this part of Salem and Coimbatore was there not a proposal to extend the Mysore-Chamrajnagar Railway to join the S. I. Railway as the convenient link to the North and South to the M. and S. M. Railway?

Now that all the railways have come under Government control, why should not this dismantled railway, be restored to have that link to serve the public because the public contributed to its construction.

The Honourable Dr. John Matthai: These are considerations, I take it, that the Provincial Government would take into account when they send their reply.

Sri V. C. Vellingiri Gounder: Will the Honourable Member consider the importance of trade and also the facilities of people who do large business between Mysore and the Southern districts?

The Honourable Dr. John Matthai: I must repeat that the Provincial Government is in a much better position to examine these local problems.

Sri R. Venkatasubba Reddiar: Does the Government propose to close all the lines which are working at a loss, like the Bengal Assam and the Bengal Nagpur Railways?

The Honourable Dr. John Matthai: No, they don't.

Sri R. Venkatasubba Reddiar: What is the reason?

The Honourable Dr. John Matthai: It depends on considerations which vary from case to case.

Sri R. Venkatasubba Reddiar: These lines are also working at a loss?

The Honourable Dr. John Matthai: The question of the restoration of dismantled lines stands on an entirely different footing from the existing lines.

Sri V. C. Vellingiri Gounder: Has the present Madras Government been asked?

The Honourable Dr. John Matthai: A reference has been made to the present Madras Government. No reply has been received yet.

RE-EMPLOYMENT OF EMPLOYEES OF THE COMMUNICATIONS DEPARTMENT AFTER RELEASE FROM I. N. A.

1032. *Prof. N. G. Ranga: Will the Secretary of the Communications Department be pleased to state:

(a) how many of the employees of his Department who were on deputation to the Defence Services during the war had to join the I. N. A.;

(b) how many of them have been re-absorbed by the Department after their release from the I. N. A. and the incidental imprisonment;

(c) whether it is a fact that assurances were given that an earnest effort would be made to re-absorb them in their respective posts or other positions;

(d) if so, why so many of them are still being kept out; and

(e) whether Government propose to take steps now to provide them with employment?

Mr. Masarrat Husain Zuberi: (a) 118 joined the I. N. A.

(b) None has so far been reinstated.

(c) No such assurance was given by the Posts and Telegraphs Department.

(d) and (e). The policy of Government in regard to the re-employment of those civil Government servants who collaborated with the enemy during the war and were subsequently recovered, has already been made clear in my answer to Starred Question No. 805 by Mr. S. S. Sanyal on the 10th March 1947.

Prof. N. G. Ranga: Will any effort be made to absorb as many of these men as possible at an early date?

Mr. Masarrat Husain Zuberi: In my reply to Mr. Sanyal's question which was not reached that day and which will be incorporated in the proceedings, I explained the position. With your permission, Sir, I will read out the relevant portion:

Mr. Sanyal asked in parts (d) and (e) of his question:

whether Government are aware that after these men reported themselves as directed, they have been kept on leave on half pay when leave on half pay is due, or on a subsistence allowance when no such leave is due, and that they are neither being asked to join, nor are they receiving their dues or any amenities, and

if so, what Government propose to do in the case of these men and what is their policy in the matter?

My answer was:

"(d) The employees in question have been kept on leave due, or, when no leave was due to them, under suspension pending inquiry and the issue of final orders as a result of the review of the whole position.

(e) The policy of Government in regard to the employees of the Civil Department who collaborated with the enemy during the war and were subsequently recovered was recently reviewed by the new Government and it has been decided that there shall be no ban on the re-employment of such persons except such of them as were guilty of acts of brutality, and this applies to the persons about whom the Honourable Member is inquiring."

Mr. Sasanka Sekhar Sanyal: Has any step been taken to acquaint these employees of the policy that has been adopted recently, because we are receiving numerous letters?

Mr. Masarrat Husain Zuberi: This policy was decided very recently and the cases are under consideration.

Prof. N. G. Ranga: Will Government communicate this new policy of theirs to these employees, so that they may know to whom to apply for reinstatement?

Mr. Masarrat Husain Zuberi: The Government will re-examine each case and the final orders will issue shortly.

Shrimati Ammu Swaminadhan: In view of the fact that the I. N. A. men are getting letters from the places where they apply to that they cannot be employed because of their joining the I. N. A. will Government give a direction saying that there is no ban on them any more, because they once joined the I. N. A.

Mr. Masarrat Husain Zuberi: The policy that I have now announced will, I hope, receive due publicity.

RETURN OF REQUISITIONED LAND TO THE CALCUTTA PINJRAPOLE SOCIETY

1033. *Sjt. Seth Damodar Swroop: Will the Secretary of the Department of Agriculture please state:

(a) whether Government have received any representation from the Pinjrapole Society of Calcutta to the effect that some 3,150 acres of their land requisitioned by the War Department of the Government of India through the Government of Bengal, though released by the American troops, is not being returned to the Society by the Provincial Government; if so, what action has been taken thereon; and

(b) whether Government are aware of the fact that the said Pinjrapole Society was founded some sixty years back by some religious and philanthropist person for rearing and breeding cattle and for dairy farming purposes and the Society have spent lacs of rupees on this land for improving its value during the last 20 years?

Sir Pheroze Kharegat: (a) Yes. A representation has been received. It was suggested to the Bengal Government that the land may be returned to the Society which has been doing useful work but that Government have stated that they have under consideration a scheme for the development of the area as the site for a new town at a cost of several crores of rupees. They have again been requested to avoid using the land except for increasing milk production through the Society.

(b) Government are aware that the Society is of long standing but have no information as to the amount spent by it on improving the land.

(b) WRITTEN ANSWERS

COMPLAINTS AGAINST THE DISTRIBUTION OF NEWSPRINT BY THE CONVENER OF MADRAS GROUP OF INDIAN AND EASTERN NEWSPAPER SOCIETY.

1034. *Sardar Sampuran Singh: (a) Will the Honourable Member for Industries and Supplies please state if the Managing Editor of *'The Indian Express'*, addressed a letter to the Joint Secretary, Industries and Civil Supplies Department, complaining against the distribution by the Convener of the Madras Group of the Indian and Eastern Newspaper Society of one thousand tons of newsprint allotted for the Madras newspapers?

(b) Was the allotment made among the Madras newspapers by the Convener with the approval of the Department of Industries and Civil Supplies?

(c) Is it a fact that it was decided both in the Indian and Eastern Newspaper Society and in the Newsprint Advisory Committee, that the tonnage secured by their Delegation in person, should be imported by groups of newspapers in each region and that it should be distributed only to the newspapers in need of newsprint under special permits from the Government of India? Is it also a fact that this arrangement was agreed to by the Government of India as a special case?

(d) If so, what were the considerations that led the Government of India to agree to the distribution by one person, so far as the Madras Group was concerned?

Mr. M. P. Pai: (a) Yes.

(b) Mr. C. P. Srinivasan, in the capacity of Regional Convener of the Indian and Eastern Newspaper Society, proposed to the Department of Industries and Supplies that as it was difficult to secure godown accommodation for the entire stock of 1,000 tons of newsprint which he was importing in Madras on behalf of the Society and to lock up funds for any length of time, the newsprint should be distributed amongst certain newspapers. The allocation proposed by Mr. Srinivasan, which included also an allocation to Mr. Ramnath Goenka, was accepted by Government subject to the condition that this paper would be available generally for the needs of all newspapers in the Madras area requiring such help.

(c) In accordance with the advice given by the Newsprint Advisory Committee, the import, storage and distribution of this newsprint the supply of which had been secured by a delegation financed and sent abroad by the Indian and Eastern Newsprint Society, was left by Government at the absolute discretion of the Society, subject to the condition applicable to all newsprint stocks that it would be available to Government for distribution to needy newspapers.

(d) Since this newsprint was the property of the Indian and Eastern Newspaper Society Government could hardly interfere in the distribution proposed by Mr. Srinivasan. The position has been explained to Mr. Goenka who was a member of the Society's delegation and secured the supply for the Society.

DISCRIMINATION AGAINST THE *Indian Express* IN THE DISTRIBUTION OF NEWSPRINT IN MADRAS.

1035 *Sardar Sampuran Singh: (a) Will the Honourable Member for Industries and Supplies please state whether Government are aware that the only Group which was discriminated against by the Convener of the Indian and Eastern Newspaper Society in the distribution of newsprint was the *'Indian Express'* Group in Madras and that at their cost distribution was made to other newspapers?

(b) What steps have the Government of India taken to ensure the proper distribution of the balance of 120 tons, which is stated to be reserved for small newspapers? At what price is this balance to be distributed?

(c) Are Government aware that instead of distribution being made by the group of newspapers as agreed upon in the Newsprint Advisory Committee and the Indian and Eastern Newspapers Society, it is also being made by Messrs. General Papers Limited?

(d) What was the reason for not distributing the newsprint in proportion to the respective quotas of each newspaper?

Mr. M. P. Pai: (a) In view of the position explained in answer to the preceding question, Government do not accept this view.

(b) and (c). In accordance with Mr. Srinivasan's proposals which were accepted by Government the quantity of 120 tons out of 1,000 tons was allocated to Messrs. General Papers Limited for sale to small newspapers. The question of price at which the newsprint would be sold by this firm is to be decided by the Indian and Eastern Newspaper Society. In any case it would be within the ceilings fixed by Government. It has since been decided by Government to relax the Newsprint Control with effect from the 1st April 1947 after which date the question of distribution or any re-allocation would be in the hands of the Indian and Eastern Newspaper Society.

(d) Reply to para. (d) of the preceding question covers the reply to this part of the question.

ABSENCE OF LIGHTS IN GUN-CARRIAGE FACTORY WORKMEN'S QUARTERS AT JUBBULPORE.

1036. *Sjt. Seth Damodar Swroop: Will the Honourable Member for Industries and Supplies please state whether it is a fact that Gun-Carriage Factory Workmen's quarters at Jubbulpore, have no provision of lights or latrines causing a great inconvenience to the occupants especially women; if so, whether Government propose to reconstruct better type of quarters sufficient in number to accommodate the staff and workmen?

Mr. M. P. Pai: Individual quarters are not provided with electric lights or with separate closets. The workmen's lines have road lighting with the exception of the temporary war quarters area. Common latrines are provided, with separate latrines for women. There is no scheme at present for the general reconstruction of the quarters, but I shall have the matter examined.

TRADE UNION WORK BY EMPLOYEES OF ORDNANCE DEPOTS.

1037. *Sjt. Seth Damodar Swroop: Will the Honourable Member for Industries and Supplies please state whether Government are aware of the general feeling of discontent amongst the employees of the Ordnance Depots for being harassed for taking active part in Trade Union work; if so, whether Government propose to issue necessary instructions to the Heads of the department?

Mr. M. P. Pai: This question should have been addressed to the Honourable the Defence Secretary but I can say that the employees are not likely these days to be harassed in the manner suggested.

DEVELOPMENT OF INDIAN SHIP-BUILDING INDUSTRY IN BENGAL

1038. *Maulvi Abdul Hamid Shah: Will the Honourable Member for Industries and Supplies be pleased to state:

(a) whether the Government of India have received any representation from the Government of Bengal asking their help, encouragement and assistance in the development of Indian Ship-building Industry in Bengal principally under Indian capital, control and management; and

(b) if so, what is the policy of Government in this respect?

Mr. M. P. Pai: (a) No. Sir. My department is not aware of any such representation.

(b) Government are awaiting the report of the Panel on the Shipbuilding Industry

UNSTARRED QUESTION AND ANSWER.

BASIC YEAR FOR DETERMINATION OF QUOTA FOR EXPORT OF CHILLIES TO CEYLON.

92. Dr. Zia Uddin Ahmad: (a) Will the Secretary of the Food Department kindly state as to why the basic year for determination of quota for exporting chillies to Ceylon has been fixed as 1941-42?

(b) Is it a fact that 1941-42 has not been taken as the basic year in the case of other commodities?

(c) Is it a fact that by fixing 1941-42 as the basic year many prominent shippers have been left out?

(d) Has this arrangement entailed heavy losses to many leading Muslim firms?

(e) Do Government propose to consider a change of policy in view of the above facts?

Mr. K. L. Panjabi: (a) 1941-42 was fixed as the basic year in order to secure the distribution of these quotas to well established firms. The exports during 1941-42 were at the lowest ebb and the dealers left in the field at that time were those of long standing.

(b) No, Sir. It has been adopted as the basic year for export of several other commodities.

(c) Government have no information. Some shippers are likely to be left out whatever the basic year is adopted.

(d) Government have no knowledge of the alleged losses.

(e) The general policy regarding distribution of export quotas is under review.

IMPORTS AND EXPORTS (CONTROL) BILL—*contd.*

Mr President: The House will now proceed with the further consideration of the following motion:

“That the Bill to continue for a limited period powers to prohibit or control imports and export as reported by the Select Committee, be taken into consideration.”

Mr. P. B. Gole (Berar: Non-Muhammadan): Mr. President, yesterday I was making certain observations regarding the general effect this Bill is likely to have upon exports and imports and also to a general demoralisation

12 NOON. tion that would take place if no amendments are made in the Bill. With regard to clause 3, I have also moved an amendment and there are other amendments also. I also find from the minutes of dissent that several Members of the Select Committee also view with great apprehension the effect of the provisions of clause 3. The objection is with regard to the issue of permits which will be issued under sub-clause (1). This, as I have already observed, is likely to give rise to widespread corruption and favouritism. Therefore, unless the power to issue permits is taken away, this Bill is likely to work a great hardship. It may be asked, if the Government wants to restrict or prohibit the export or import of any commodity, how else it is to be done? So far as the prohibition is concerned, some order prohibiting the export or import of any commodity will suffice. With regard to the restriction regarding the quantity of export or import, there may arise certain difficulties and a competition for getting the necessary permit will come into being with the result that if the palm is greased, the permission will be forthcoming. I would, however, suggest for the consideration of the Honourable Member that instead of issuing these permits applications should be called and with those applications which are for import some 30 per cent. or 40 per cent. of the price should be deposited. The

[Mr. P. B. Gole.]

result will be that only those persons who are genuine traders and who are not out for profiteering but who do the usual business will apply and they will deposit such money along with their applications. Now, it may perhaps be asked as to what will happen if more applications are received for the quantity which is sought to be imported. What is to be done in that case? I would suggest that those applicants who have deposited 30 or 40 per cent. of the price along with their applications should be taken together and the quota should be divided *pro-rata* among those applicants. In the this way, difficulty of issuing permits will be easily solved. My submission is that no permits should be granted under this clause.

With regard to sub-clause (2) of clause 3, my Honourable friend Mr. Lawson has already made certain observations and I think they are very pertinent and ought to be taken into consideration. But what I object to is with regard to sub-clause (3) of clause 3. This sub-clause (3) has been taken *verbatim* from the Defence of India Rule 84, sub-rule (5). Now, I find that this may have been necessary when the war was on, but this sub-clause gives very wide powers to the Government whereby it is quite likely that any person may be put to severe loss. The question arises whether such sweeping powers as are provided in sub-clause (3) of clause 3 should be given to the Government. Sub-clause (3) reads as follows:

“Notwithstanding anything contained in the aforesaid Act, the Central Government may, by order published in the official Gazette, prohibit, restrict or impose conditions on the clearance, whether for home consumption or for shipment abroad, of any goods or class of goods imported into British India.”

Now, Sir, had this clause been so worded that the goods the clearance of which would be prohibited or restricted are the goods the import of which has been prohibited or restricted under sub-clause (1) of clause 3, then it would have been all right. But the wording of sub-clause (3) is ‘of any goods’. Take, for instance the case of the goods that have arrived in India and there was no restriction when the goods were imported; they are lying on the wharf and are awaiting clearance. At that time if an officer takes into his head to pass an order prohibiting the clearance of these goods or the transshipment of these goods for sending abroad, it would create havoc and loss. In case of a man who knowingly brings the restricted goods and who knows that the Government would come down upon him at any time, I can understand this sub-clause as applying restricted to goods which are prohibited or restricted under sub-clause (1), but the wording is so wide ‘or for shipment abroad of any goods or class of goods’. So, it is not the goods that are restricted or prohibited but any goods. If, therefore, in the case of goods which have already arrived in the harbour and which are awaiting clearance, an order is passed by the Central Government prohibiting those goods, then, I submit, it will create an unnecessary hardship to the importers. In this connection, I will draw the attention of the House to section 89 of the Sea Customs Act, which runs as follows:

“When the owner of any goods entered for home-consumption, and (if such goods be liable to duty) assessed under section 87, has paid the import duty (if any) assessed on such goods and any charges payable under this Act in respect of the same, the Customs-officer may make an order clearing the same; and such order shall be sufficient authority for the removal of such goods by the owner.”

Now, Sir, the position seems to be this that this section 89 is still operative so that as soon as goods arrive in the harbour, the customs duty will have to be levied on those goods and the importer will have to pay that duty. But after all it is quite possible for any government officer to restrict or prohibit clearance of these goods. That will cause still greater hardship. The customs duty is recovered under section 89 of the Sea Customs Act and after that the goods are

prohibited. What does this mean? I do not know why the wording of this sub-clause (3) is kept so wide that any goods whether prohibited or restricted or not, those goods are not to be cleared and why should such wide powers be claimed. I know under Rule 84 of the Defence of India Rules such a provision existed, but we are not now in war time, as everything is fair in love or war. That was all right then. We are not now at war with anybody. Is it necessary that such sweeping powers should be vested in Government at this time. What is the basis? I do not know for what purpose. In fact I have not been able to understand even in the Select Committee why this sub-clause (3) is retained or practically copied from Rule 84 of the Defence of India Rules unless there is some very weighty reason for such a clause. Otherwise this clause should not be placed on the statute book at all. Therefore I submit that unless a very satisfactory explanation is forthcoming as to why this clause should be retained, I am afraid I cannot vote for this provision.

Now, I draw the attention of the House to clause 5 of the Bill. This clause says:

“If any person contravenes any order made or deemed to have been made under this Act.”

I do not understand why these words ‘deemed to have been made’ have been put in there at all. Clause 4 says, ‘all orders made under rule 84 of the Defence of India Rules or that rule as continued in force by the Emergency Provisions (Continuance) Ordinance, 1946.....deemed to have been made under this Act’. This is in clause 4. Therefore all orders that may have been passed under the Defence of India rules or ordinance are deemed to be orders under this Act. Having said so in clause 4, what is the necessity of adding these words ‘deemed to have been made under this Act’ in clause 5 also. I do not understand the propriety of these words at all. Of course it may be said that this is practically a copy of what is said in the previous clause. But that is no answer. Clause 4 says clearly that all order passed under Rule 84 of the Ordinance shall be deemed to have been passed under this Act. That is sufficient. It is not necessary further to say ‘that if any person contravenes any order made or deemed to have been made under this Act’. These words are not at all necessary. I would show the House the mischief that may be wrought by this provision. If you keep these words ‘deemed to have been made under this Act’, the mischief will be this. There is an article which is not prohibited according to the list published by the Government of India. In these lists the article which is sought to be prohibited by an order is not mentioned there. But the officer says that under clause 3 of this Bill I prohibit or I restrict the import of this article. Really speaking this article is not mentioned in the list published by the Government of India. But he purports to act under clause 3 and therefore such an order will be “deemed to have been made under this Act”. Therefore although he acts illegally still, it should be deemed to have been made under this Act. This will cause greater mischief. The man will not be liable for any punishment, he will not be called upon to explain his conduct, and all acts whether legally or illegally done, if they are deemed to have been made under this Act, the poor fellow who imports the goods knowing that there is nothing in the list of the Government of India, against importing the specific goods that man will be arraigned and prosecuted and sentenced for no fault of his. My submission is that these words are not only redundant but they are unnecessary. On the contrary they are sometimes likely to cause mischief. Therefore I would submit for the consideration of the Honourable Member in charge of the Bill that these words should be omitted from clause 5.

I now come to clause 7. Somehow or other I find that even Rule 84 of the Defence of India Rules, there is no provision for a saving clause. In many Acts there are saving clauses, saving all acts done under the previous enactment from being dragged into a court of law. Any officer who acts *bona fide*

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under any enactment is protected from the mischief of being dragged into a court of law. Here, I do not understand why this clause 7 is called 'saving'. It says "No order made or deemed to have been made under this Act shall be called in question in any court and no suit, prosecution or other legal proceeding shall lie against any person for anything in good faith done or intended to be done under this Act or any order made or deemed to have been made thereunder".

My humble submission is that really speaking this is giving too wide powers. Why do they want to be saved? Are they going to act illegally? If they do so, why should they not be arraigned before a court of law? Why should they not be liable for damages and for prosecution. I do not at all understand this saving clause giving protection for all acts to be done under the Export and Import control. Therefore I submit that under this Bill you are giving too wide powers. It was all right that Government were given such powers during the time of war. Even under Rule 84 there was no such saving clause. But here in peace time in this Bill there is such a saving clause giving protection for all acts and omission commission on the part of officials of Government who want to act illegally. I have already submitted that we have had enough demoralisation in this country on account of controls. There was a long debate last time about these controls and from every nook and corner great hue and cry was raised against these controls. Here we enact one after another laws which are to be placed on the statute book to perpetuate those controls. I think, Sir, we have come to a stage when the moral tone of our society should be improved. Whenever we enact any law, our endeavour should be towards the improvement of the tone of society. Here on the contrary attempts are being made to perpetuate in one form or another all sorts of controls and in such a manner that will cause perhaps the greatest and untold hardships to some importers or exporters. I think in peace time these things should be carefully avoided. Unless the Bill is improved in the directions suggested by me and those difficulties which I just now suggested are removed, I do not think the Bill should be passed.

Mr. Vadilal Lalubhai (Ahmedabad Millowners' Association: Indian Commerce): Sir, controls and quotas under the Defence of India Rules have been a disgusting and disgraceful chapter in the commercial history of this country. I can well realise why the Honourable the Commerce Member comes before this House to renew the Defence of India Rules and Ordinances. The reasons behind this are shortage of goods all round in certain categories. The other reason is protection to the industries of this country. The object is certainly a good and laudable one and also necessary. Some powers ought to be given to the Government under the Bill, but, Sir, the powers asked for have been misused in the past and I therefore desire that we should not give any such powers to the Government which would be liable to be misused and abused and which would be harmful to the real interests of trade and industry. In the past these controls and quotas have created a lot of corruption; favouritism, nepotism; and other evils have sprung up out of them. And with that in mind I have suggested some safeguards and amendments; I will come to that later on. But I would like the House to note what kind of corruption has grown under this quota and control system. I will give one important example which has led to the loss of some millions and many honest exporters have been robbed of their legitimate dues and gains. I refer to the members of the Maskati Cloth Market Association of Ahmedabad whose merchants were real exporters and have lost millions because of the wrong action of the department in depriving them of their just dues. As early as April 1946 I took up the matter along with them as their representative with the Commerce Department. I saw the then Secretary Sir N. R. Pillay along with the Secretary of the Maskati Market Association and other members, and a discussion took place as to why they were not given their due quotas for export. He referred

us to the Joint Secretary as he was then leaving for the Continent. The Commerce Secretary sent a directive to the Export Trade Controller at Bombay to look into the matter and do justice to them. A directive was issued and these people were asked to represent their case. The matter was delayed and after a few months a printed circular went to them that their representations had been rejected and they could not get these quotas. The matter was again taken up on the 17th and 18th October 1946 when the Secretary of the Maskati Market Association and some Honourable Members of this House and myself discussed the matter threadbare with the Secretary of the Department. A representation dated 2nd July 1946, was made to the Export Trade Controller and that was discussed with the Secretary. I will read a portion of that representation; I would say that there were three categories of cases covered in that representation,—A, B and C; and after discussion with the Secretary and the Deputy Chief Controller they gave a decision in favour of these merchants in categories A and B, while in category C many documents had to be seen and more discussions had to take place. And so a questionnaire was issued and certain questions were asked; and both parties—those who had lost their quota and those who had wrongly got their quotas—had to be confronted with each other with documents and other things. That procedure was evolved. I will read these categories so as to explain to the House how much corruption this has engendered; and this has cost millions of Rupees to these real exporters.

“(a) The Ahmedabad seller has received order from the Rangoon buyer and the Rangoon buyer has also remitted the moneys directly to the sellers. The Ahmedabad seller is A and the Rangoon buyer is B. C in Bombay has on some cases acted merely for the purpose of attending to the shipments of those goods which B (Rangoon merchant) has purchased from A (the Ahmedabad merchant) and C therefore has had no interest in this trade. C therefore is not an exporter.”

That is what was decided by the Secretary. In category B these cases come in.

“(b) In some cases it happened that C has not personally rendered his services for export, but has engaged another man for such services, but neither C nor his deputy or sub-contractor for transport or shipment is a real exporter.

(c) In some cases the Ahmedabad merchants who sold the goods to Burma merchants received instructions direct from the Burma buyers to send the goods to Bombay where the Burma merchants asked the Ahmedabad supplier to draw for the amount of the goods on the due date on a party in Bombay on behalf of the Burma buyers by way of *Hundi*. The Bombay man honoured the *Hundi* arranged for shipment of the goods from Bombay to Burma, but the Bombay man has no interest in the export trade but acted merely as and for the purpose of transshipment of goods and the real exporter remains the Ahmedabad seller. In this case also, as in the previous cases, declarations in form A will show that the supplier is the Ahmedabad merchant, that is, he is the exporter.”

Then all of a sudden on the 18th February a letter goes to the merchants and although in categories A and B which are 70 per cent. of the cases a decision was given in their favour, it was reversed by the said letter; and this is what that letter from the Commerce Department says:

“With reference to your letter, dated the 16th October 1946 addressed to the Commerce Department on the above subject I have the honour to say that the Ahmedabad merchants can be considered as real exporters only in those cases where they had effected shipments during the basic period on their own account and the Bombay party was acting *only as a licensed mukaddam or a clearing agent*. In all other cases it is considered that the Ahmedabad party had no interests in the goods after they had been railed to Bombay and that they also did not undertake the risks usually associated with the export. It has therefore been decided that in such cases, the Bombay party, if he is already in receipt of quotas on the basis of such exports should continue to enjoy the quota rights.”

Ahmedabad has no port and so they have to come to a port; they have got to appoint shipping agents and clearing agents. I will refer here to the world

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practice of how shipments from the interior of countries are being done. In England there is a big firm of shippers and clearing agents who also do the banking side of it—Messrs. J. S. Holt and Moseley Ltd. I have done millions of rupees worth of business with them. I am myself a clearing and shipping agent and I know the trade very well and I can tell you that they do banking business and pay on behalf of merchants; they ship on behalf of merchants and still they are only shipping and clearing agents and bankers in England; while here in this country a banker or shipping and clearing agent is considered a quota holder by the Department and the real exporters' interests are thrown to the winds. Mind, these are not individual merchants. It is an Association representing two thousand merchants and Association which is dealing in wholesale cloth business. The distribution side of it has been commended by this Government and Industries Department and has been so well done that such a systematic thing has not been done in any other part of the country. No merchant in that Association ever goes to the court against another and for the last 15 years not one case has gone to the court; they have their own arbitration rules and in 15 days all complaints are settled. Even their disputes with millowners are settled by arbitration and it is a unique Association; but Sir, their representations have been flouted. It may be said that Government lay down a certain procedure outside which no officer can go. Such a directive was really printed originally some 18 months ago or two years ago; and still although in the printed directive certain rules were laid down these rules were flouted. As I said, a decision was already given in their favour but that decision was reversed. This is the corruption and nepotism that is going on under these quotas and controls and that is why I do not like officers or even Government to have such wide powers as are sought to be given here. Powers have been misused in the past and they will surely be misused in the future; that is why I do not like them. That is why various suggestions have been made by me and other Honourable Members and some way should be found whereby such powers are not granted any more to these officials or to Government. In such cases I have suggested a judicial tribunal for appeal, and this tribunal will go into the question of rightful owners of these quotas. But I would suggest a further thing which would remove the possibility of corruption in the working of this Act. It is this: India is paying very heavy prices for the food that it imports. We have already subsidized our food imports to the tune of 20 crores last year; there would be another 15 or 20 crores this year. Those countries are charging us very high prices much higher than world prices, while we are exporting our articles, such as cloth, cotton and various other things not at world prices but at our controlled prices, and so the benefit of that goes to the very countries which are charging us high prices for our foodstuffs. As I suggested on a previous occasion, if the Government takes over the export of these important commodities and sells them at world prices, they would certainly make 10 to 20 crores of rupees in the bargain and from that sum we can subsidize our food imports. What happens about cloth trade is this: The foreign countries buy from this country at controlled price and sell to consumers in their countries at three times the price. So the consumers in those countries do not get the goods at controlled price, but they are being fleeced by the intermediaries or their Governments. There is nothing wrong in charging world prices. I understand Burma is charging us quite a different price for rice than what is prevailing in that country; they have two price levels. I wish this important business is done by Government so that there will be no more quota holders. But if Government somehow or other comes to the conclusion that quota holders should be kept, they can be given a reasonable margin of profit, but I would prefer, since there is so much of corruption, that there should be no quota holders for exports at all. Government should do exports and help the Exchequer of the country so that the heavy taxation proposals that have been presented to the House may be lightened.

Regarding imports it will be said that there would be some difficulty. I realize that. But may I point out that during war time the Industries Department or the Commerce Department suggested to the Glass industry whether they would not be prepared to take up the distribution of glassware along with their own production so that the consumer is not fleeced by intermediaries. If the industries concerned could take up the re-sale of goods at cost through their own retailers so that the consumers would get the articles at reasonable prices.....

Mr. President: I am afraid the Honourable Member is going into wider issues. We are not concerned with all that. The only question here is as to whether the House is prepared to give Government powers for the purpose of controlling imports and exports. The Honourable Member need not go into side-issues.

Mr. Vadilal Lallubhai: Why I have made certain suggestions on the distribution side is because certain difficulties have been enumerated. Even in the Select Committee we had a discussion on these points and we found that there were certain difficulties.

Mr. President: I do not think it will be permissible to go into those details on the present motion.

Mr. Vadilal Lallubhai: As the Honourable Members must have seen I have made certain suggestions. If this corruption and nepotism is to be stopped, we must see that where any quota holder or licence holder feels that he has been unjustly treated, he should be given an opportunity to place his case before a tribunal. Such appeals should be considered by some independent authority outside the officials of the department concerned, and that is why I have suggested in the amendment that there should be a judicial tribunal. If such a tribunal is established, and appeals go to it much of the corruption can be done away with. Sir, although I support the main object of the Bill, I do not support it in its present form.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau: Indian Commerce): I rise to support the motion moved by the Honourable the Commerce Member. I have heard many things which have been said on this subject in this House, but I feel that the way to look at it is not the way in which some of our colleagues here are looking. It is of great importance that this country should in view of the Geneva Conference arm itself with the list of powers which have been used throughout the war and whose further use, if and when necessary, would be fully justified in so far as war conditions which created these restrictions have not yet disappeared. And it would strengthen the hands of the Indian delegation if they were in a position to say that our country has found it necessary to use these powers during the war period and will continue to find it necessary to use these powers for the next few years. All of us generally and in theory desire that there should be no restrictions, but in actual practice, is the position of supply, production and availability of goods of such a character that we could leave the field free? Is the judgment of individual merchants, who are importing recklessly what may be used and what may not be required, to be given free play? Is this country to be left to these people to decide for themselves what articles they are going to have? Have we not heard cases where fountain pens, and cosmetics and transparent plastics have come to this country in quantities which this country will probably not consume for the next few years? Have we not the case of the slump in the silk market where against Government's expectation of about 50 lakhs of rupees from the import duty Government actually realized 3 crores and seventy-five lakhs? Are we going to let the resources of this country dissipated and exchange problem left free and undetermined?

Mr. P. B. Gole: The Ordinance is still in force.

Mr. Manu Subedar: If we were to decide to do this, let me mention to the House what would be the consequences. All the available resources will be locked up in things unessential; all the efforts may be misdirected; everybody would try recklessly to negotiate with foreign people, and there would be at

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some stage or other an abrupt stoppage. In other words the same powers which the Government wants now and which the House hesitates to give may have to be invoked in a much more drastic manner. Do we want to reach a state of such confusion or do we want the Government to be armed with these powers so that they may use them in a proper manner and they may look not to the individual interests of merchants as such but to the common interest of society, so that whatever restrictions they are obliged to place will be calculated and governed by the one consideration, namely how far it is necessary to check operations in certain directions in the interest of the country as a whole.

Now, Sir, that does not mean for a moment that numerous points of detail should not be considered, and I am sure when the Bill is considered clause by clause the Honourable the Commerce Member will give relevant explanations or meet such point as the one made by my Honourable friend regarding the words 'deemed to have been made'. With regard to Mr. Lawson's plea that war time restrictions should not be renewed and as reflected also in an amendment from that side of the House that this law should be restricted to one year, all that I have to say is this. Let the Government of the country, which is now manned by popular people, in whom we have absolute confidence, judge as to the necessity of the powers and if they have, after proper consideration chosen to bring forward this measure, I would not ask the House to turn it down merely on the plea that this is a war time restriction. Isn't the kingdom from which my friends hail exercising all these powers and more? Is not Sir Stafford Cripps trying to make bulk purchases for the States in the British economy? Is there not more than one direction in the powers which either dormant or not used during the war period are now invoked because that Government recognises that there is a real economic crisis and if that country is to be saved it will be saved by consistent and proper effort? If that is so, why cannot we in this country have these powers taken by this Government in which we have confidence and used in a discriminating manner with regard to the details of which I shall speak upon presently.

There is another reason why I think these powers are necessary. As I have been trying to say on previous occasions, this country has a real and genuine production crisis. I want the Government of the country to take prompt and effective measures. Without being rude, if I may say so, I want suggestions which are made by Members of this House not to be turned down with the usual plea that these suggestions have been considered—considered meaning at the level of a Secretary or Deputy Secretary, and sometimes may be the predecessor of the Honourable Member. I do not want them to treat lightly suggestions which are made. But if there is a production crisis, and if we want this country's Government to act energetically and with speed and boldly, how can they do so if these powers do not exist? How can they interfere with the right of an individual to import what he likes and export what he likes, as and when he likes, to any country, at any price, and under any conditions he likes? Is that possible? It will be necessary in connection with this production crisis, through which our country is passing, for Government to adopt several measures which I have from time to time indicated as briefly as previous opportunities permitted. I will not use this opportunity of going into them in great detail. I will mention them once again. I still think that this Government ought to draw up a list of articles which are more seriously required in this country and which are in short supply and in which there is a rampant black-market. This Government should also make up a list of our manufactures and our essential minerals and tea and hides and jute and other articles which this country is in a position to supply better than any other country in the world. With these two I should like the agents of this Government to actively roam about the world. They must be intelligent men, and men of status, who will initiate negotiations with other people. We can never get in this country something for nothing but we can always barter and we can always say if you give me this on which I am a little short, I will give you this on which you are short, and

may be we shall find that our production crisis could be met by this kind of effort. By the measure which I am indicating, a certain amount of restriction and direction to the import and export trade of the country may be necessary. That means that the quantities available for exports through the normal channels may have to be restricted and Government may take it up for the more essential barter which they will negotiate in this manner. Similarly, private import of certain things may be restricted and Government may bring up all these goods and distribute them in such a manner so that it leads not only the increase of the supply but the bringing down of the price, the distribution which will destroy the black-market and the reaching of these goods to the consumer who will make use of them and not hoard them. All these measures require that Government should have these powers and that they should use these powers with care.

Then, Sir, with regard to these imports, let me indicate what sort of confusion this particular administration unfortunately has fallen into, and it is that which has brought forth some rather very strong criticisms from various quarters. I was told, Sir, that they were very short of steel, licenses for steel were not freely given for importation, and the reason given was that the Controller of Steel in Calcutta had made enquiries from countries all over the world and he had found that there was no supply of steel available in this country. Now, I put it to you that this heavily worked official, from whose office we do not get replies for a matter of months, how had he already ascertained from every country in the world whether steel in any form, i.e., scrap, billets, round bars or sections, or any other form, in any quantity, was or was not available? And if he did ascertain this—which is an impossible feat—is it not possible that since he ascertained that, conditions elsewhere may have changed and some small lots may have become available? This method of choking off the supply of an article which is very urgently required in this country indicates nothing but slovenly neglect and a tendency to drift and a tendency to sleep in Government, which I trust will be removed. We want licenses for steel. It is this kind of abuse which has rendered the import and export control liable to criticism and I must say that I hope that this will not occur in future. Take the other case. Government had the power through the Reserve Bank and the Exchange Control Bill to restrict gold and silver and they used this power at a moment when the importing of gold and silver into this country by private banks was already causing a world scandal and a world comment and it was putting money at the expense of India into the pockets of continental foreigners, which was not very desirable. But how could Government act in this manner? I think myself that from Gold and silver Government could make four to ten crores of rupees in the forthcoming year. Had not the Government the power under the Foreign Exchange Control Bill how could they act? May I ask, how this prompt measure which they took overnight, how they would have been able to do this? Therefore, I say that it is necessary for the Government to have these powers and to use them for improving the supply position of the country, to use them for easing the consumers' outcry against black-markets and generally to regulate the trade.

Now, Sir, there are various aspects of the administration of this Government which have been criticised. These criticisms in my mind do not amount to a negation of the Bill. They amount to this—to a note of caution, to a request that in the administration of these powers, there should not be harshness and there should not be complacency but that vigilance should be exercised and as far as possible officers of a superior level should look more into this and there should not be too much of a delegation of authority to officers of lower status.

Sir, abuses have taken place in this department and I know that several high officials were sent away from their jobs, because there were things mentioned about them, though unproved and they were not prosecuted. Human nature being what it is it is possible that these abuses did take place. I know in the streets of Bombay it was common talk that people could go to Delhi and

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get licences. For instance, evacuee Jews from Poland, Czechoslovakia and Iraq and others who were in Bombay, it is notorious, came to Delhi and got licences for all sorts of articles. They commandeered these commodities and then they hawked these licences round. I will mention another case, a case which was reported to me of a man who got a licence for the export of 50 tons of aluminium utensils. This man who had never exported any aluminium in his life before walked into an aluminium office and offered 50 tons for export. He did not know what are these utensils, what is the price, who will buy them or who will sell them. When asked how he got the license he just said "Well I got the license." The fact of the matter was in this particular case that he was the brother of some superintendent or head clerk in the department who knew all the ropes and the license was issued. As in the case of ration cards and petrol coupons, some of these licences are clearly forgeries and there is no means for anybody to check them up. In some cases the figures of the amounts permitted are often altered. But in all cases where an entirely new party gets hold of a licence, he is, in my opinion, suspect. It is a case of either corruption, favouritism or forgery. That criticism cannot apply to firms which have been doing this work in the past. They at least know the trade. They have connections at the other end. They are the proper trade channel.

This distinction between new and old firms has also been overdone. The Government have made a perfectly arbitrary rule. Either 1937 or 1938 or some such basic year is taken, and the quota of a firm is determined on the basis of what they exported, to which countries, in which month, etc. That was the policy of the previous government. Instead of having the honesty to say that they will restrict the exports to certain articles, they made the rules so devious and the qualifications so difficult that it was difficult for the most experienced and well established firms in the trade to qualify under the various requirements which were put down. A firm had sent to Italy but not to Genoa. If not, they could not get an export license. I believe that since then considerable improvement has taken place and I am sure the Honourable the Commerce Member will be able to explain to this House that today the policy of the Government is not to restrict the export for the sake of restriction, as it was the case with the previous government, which had other objectives. Today the policy of the Government should be to permit as much export as possible. In fact I suggested the other day they should examine whether India's exporting capacity should be limited and whether in view of having to import food, capital goods, machinery, consumer goods, etc., it would not be proper to make a special effort to increase our exports. Therefore today the position of this Government is and should be that they are looking of the economic life of the country as a whole and they are adjusting these matters in a manner which will not cause an unnecessary distress or outcry in this country.

I do feel that Government ought to consider this question. Why are people after export licences? Why all this outcry and suspicion of corruption and favouritism? I have not the slightest doubt that corruption exists. I have also not the least doubt that the volume of it as spoken of is very highly exaggerated. There is no department of Government, for the matter of that there is no private firm or business in which a certain measure of opportunity for corruption does not exist. All that we are anxious to see is: is it kept down? Is a mistake discovered in one case not allowed to repeat itself again? If that is so, then the administration would not certainly be open to the same outcry.

With regard to state trading reference has been made. Why are people after these export licences? Because when the exports are restricted to certain markets the alternative sources of receiving the same goods does not exist. The profits are very high. There is high inflation in certain countries outside, in which case goods going out from India are necessarily sold at a very high profit. I had this morning ascertained in the course of the question hour the cost at

which goods can be imported into this country and the control price of the same articles in this country. In most cases the control price was very much above the cost at which we would be able to import these commodities. This in itself is a proof that it would be very profitable for people to export goods. When people are unable to export in one form, they export in another form, either slightly manufactured or dressed or done up. When things are so sent and they do not get licences, I do not think the Honourable the Commerce Member is to blame. I have heard that from many ports goods have been exported, particularly from the west coast of India and from such Indian States as Jhanjiri to which my Honourable friend Mr. Gadgil referred the other day. Though certain commodities have definitely been prohibited from export they have been exported under a misnomer. When Silk cloth or superior cotton cloth is sent out, it is called timber or tile. Inside the tile or timber consignment may be the silk or cotton cloth. The port authorities have their records clear. One barge went full with tiles the records say. All these dodges are there and are occurring, because private individuals are evading the laws and the profits in this case go entirely into private pockets.

I would like to raise the point which I had raised on a previous occasion, that it is high time and more particularly because of this distinction between old quota holders and new quota holders, that we did try to see whether the trade of this country cannot benefit the State in a larger measure than it is doing now, and as to whether it could do so the examples and precedents are there. We had the U. K. C. C. a corporation owned by the United Kingdom which did trade in this country for crores of rupees. They made enormous profits. I have been wanting in this House to get the attention of Government to tax them, because they were liable to taxation, as they were trading in this country. I fear that this Government has not yet been able to collect any tax money from the U. K. C. C. Today the cotton crop of Egypt is purchased by the U. K. The sugar crop of Cuba is purchased and the cotton produced by America is purchased by the U. K. There are state corporations assisting exports and various other measures are taken in Japan. There were exporting associations which had a monopoly of exports. It was worked in such a way that nominally private individuals exported but they had to work through these corporations, so that a substantial amount of the gain was secured for the state. The Honourable the Commerce Member has already in the matter of cotton export to Japan tried to get some cloth in return. I was told that if you buy things from Japan you have to pay in dollars. If we have to pay in dollars, which is obviously scarce, would it not be desirable to produce something which Japan can take and would it not be desirable for the state, as state, to enter into these transactions at high level without the intervention of middlemen as govern-

I P.M. ment to government transactions and secure substantial economic benefit to this country? This again would not be possible unless the powers which are delineated in this Bill were made available.

In conclusion I would like to say that these are wide powers. Nobody disputes that they are very extensive powers. The proposition I put to the House is that we have confidence in this Government. This very House gave powers to a foreign Government which was not responsible to us in the past. That Government abused those powers and in this very House we have had examples of this abuse related and detailed from time to time. Therefore I have no hesitation in saying that these powers should be given to the Government. But I should like to say at the same time having regard to the criticisms which have appeared in the press and which have fallen from several Honourable Members in this House and having regard to the inherent possibility of abuse of the powers implied in these times when commodities are scarce and when opportunities to trade are sought after very assiduously by people with money in their pocket, having regard to all these, whether it will not be possible for Government to create a kind of semi-official body which will advise Government on

[Mr. Manu Subedar.]

this subject, bring complaints with regard to the operation of these controls to the notice of Government. I do not want to dogmatize but I want to say that Government should protect themselves and I feel that they will be protecting also the business community which is concerned if they did so. I know the Honourable Member does receive representations from Chambers of Commerce and makes it a point to visit some of these Chambers of Commerce when he goes down, but that is not enough. What I feel is that either through the Standing Committee attached to his Department—a small Sub-Committee thereof—or through any other body which he may put up for this purpose. I think a full account should be given of what has been done in the course of a month by this Department as to how many licences have been issued, to whom licences have been issued, to whom they have been refused, to what destinations they have been given. Why should not this information be made available? In Government's own interest I suggest it is very desirable, because there is no solvent of corruption and favouritism except a full description of what Government have done. Is there any need for any secrecy of Government operations? Would it not do great good if all these matters were published and would it not be an advantage to have the kind of Board which I am suggesting? I may just recall how his predecessor answered my question asking to which companies licences have been given for the importation of provisions in Bombay. He said "Seven companies have been given, but the names cannot be given as it is not in public interest". Sir, it was the most astounding answer that any Commerce Member could give to any Member of this House. It is this kind of secrecy which invites and attracts on Government a lot of criticism with regard to the operation of these controls. I say one of the cures for all this is publicity and widest publicity and another cure is the association of non-officials who will advise Government, who will take from Government their view and tell people what is the exact policy of the Government on the subject. They will take these particulars month by month and distribute them for information. I think they should be made available to all who ask for them. That will indicate that this Government is a bold one and is not afraid to make decisions and not afraid to let the whole world know what they have decided.

I am sure that the Honourable the Commerce Member will meet not only the few legislative points which arise in the drafting of each particular clause but that he will also initiate the administrative measures and the precautions which I have indicated. Subject to these I have great pleasure in supporting the motion.

Dr. Zia Uddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I have pressed on several occasions that we do need at present the entire revision of the fiscal policy of the country. We have so long been working on the recommendations of the Fiscal Commission which was appointed after the Great War in 1921. But the circumstances today have entirely changed. They are so different from what they used to be in 1921. In the first instance India is now on the high road of industrialisation. This industrialisation did not exist so acutely and so vigorously in 1921. The second thing is that India is no longer a debtor country. It is a creditor country and we have to recover our sterling balances. The third point in which we differ very much compared with 1921 is that here in these days the prices are very high. They are about three times higher than they were before the war. And the price index in India is higher than the price index in any other country in the world. The next thing is that our whole trade is unbalanced on account of the war emergency and those traditions that we established during the war are still being pursued, which may not be necessary. Lastly we are a free country now. Our trade policy is no longer under the dictatorship of Whitehall. On account of these enormous changes I think it is high time that the Commerce Member

considers seriously the appointment of a Fiscal Commission similar to what the Government of India appointed in 1921.

I am glad that the Finance Member has really taken up the question of taxation policy because we have at present no policy behind us. It depends upon the sweet will of the Finance Member. Just as we require a regular taxation policy we also require a fiscal policy for the guidance of the country because trade has become a gambling business. It is no longer a science. But if we have some kind of policy devised by persons who know the subject and give it to the country then everybody would know what the policy would be and he could work with confidence. At present no tradesman in India can work with confidence. He would not know whether he would get a licence tomorrow or whether the circumstances might change suddenly. This attitude of uncertainty which has now been created in trade and commerce should disappear. We must now begin to adopt this question of trade policy on a scientific basis so that everybody engaged in trade may work with confidence and may progress in a manner which may really be free of gambling.

The second thing is the general attitude of which the present policy is only an outcome. If this policy is really there and it is really laid down by an authoritative Commission then Bills of this kind will no longer be necessary. But in the absence of these things something will have to be done.

Coming to this Bill itself I do not like controls in any shape or form. As I said last time I agree with my friend Chaudhri Sri Chand that control and corruption are the same—I mean there is no difference between control and corruption. These two are synonymous words. If you want to remove corruption, you must remove control. If you remove control, corruption will be removed as a logical consequence.

I was surprised to hear Mr. Manu Subedar from whom I have been hearing for a whole year about the payment of sterling balances. There is not a single occasion in which he has not explained the manner in which the debtor should be treated. By his speech today he probably did not realise that he was undoing all that he has been saying for a whole year. In what way can we get paid. It cannot be in terms of Bank notes. It cannot be in terms of gold and silver. No country possesses treasure by which balance of trade may be equalised. It can only be paid by means of commodities. In one way I would welcome a free import of all consumers goods from the United Kingdom. Then our sterling balances will be paid. If we have only import and no export, our trade becomes very unfavourable and this will unbalance our commercial equilibrium.

For this purpose we require a balanced policy recommended by an authoritative Fiscal Commission. If we begin to import large quantities on one side we will be receiving the sterling balances which my friend Mr. Subedar would like to see. On the other hand our industrialists will object and say—why are you importing so many things from outside and how can the home industries flourish. These are two opposite considerations leading to two opposite directions. Some kind of an equilibrium ought to be pointed out to us by means of a Commission which may speak with an authoritative voice and which may consider every side of the issue.

I said I do not like these licences and controls on principle. Up to the time I heard the famous speech by Joseph Chamberlain in 1901 when he first preached the protection policy I have always been in favour of free trade. Unfortunately the world has gone on the other side and we alone cannot afford to go in for free trade when protection is the order of the day. When protection has been adopted by every other country, we cannot adopt a policy of free trade.

Now, the Fiscal Commission of 1921 gave us definite warning, that we must have safeguards in three matters, namely, monopoly, combine and hoarding. The Government never took any step in order to safeguard the consumers of this country against these three evils. Then there ought to be no combine but we

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see there are combines in every commodity. Government do not protect us against these combines. Then there is hoarding. These are three vices which really affect the whole policy of protection versus free trade. No steps have been taken by our previous governments against these evils by any scientific planning. My Honourable friend the Commerce Member has been here only a few months but during the last 25 years Government have done nothing in checking these three evils and my friend has got a legacy from his predecessors.

Mr. President: The Honourable Member can continue his speech after lunch.

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

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

Dr. Zia Uddin Ahmad: Sir, before the House adjourned for lunch I was pressing the need of appointing a Fiscal Commission on the lines of the Fiscal Commission of 1922 in order to advise us about the most economic use of our existing resources and the way in which we may solve the problems. I also mentioned by the way that in whatever form control may be introduced in this country, some corruption is unavoidable. So, we should try to remove the control and adopt those measures which the Fiscal Commission may suggest.

Coming to the question of import and export, the position of import is different from the position of export. In the case of import there is only one consideration which we have to bear in mind that our import should not affect prejudicially our industries. My opinion is that we should protect our industries by means of import duties and not by restrictions of licenses. If we levy sufficient import duties which may be protective, then we need not very much care about licenses. If the protective duties have been imposed, let there be freedom of imports. Those duties will themselves be a restriction and will apply to all. In that case, no licences will be necessary and everybody will be free to import anything he likes provided he can sell them in this country with profit. In the case of those articles which we do not want to import in order to protect our own products, then the import protective duties will always be there and no restriction is necessary.

So far as exports are concerned, it is a different problem because we require raw materials for the use of our own countrymen. We cannot afford to meet the requirements of the foreign countries in preference to our own requirements. Therefore, it is very desirable that in this case the Government should be in a position to determine what quantity they can afford to export in the interests of the general prosperity of the country, economic as well as financial. I was rather surprised to learn that in the export of certain articles there is an enormous profit because the internal prices are very low compared with the external prices in the Middle East and other countries roundabout India. In such cases, I think, it is not desirable to give the licences to individuals either on payment of the licensing fee or by any other method. This is the chief source of corruption in the matter of exports, namely, the enormous difference in the prices inside India and outside India. In such cases, instead of giving licences to individuals either on payment in the form of licensing fee or by means of favouritism or patronage, it seems desirable that the Government should undertake this business directly. If they think that a certain quantity of a particular raw material or a particular finished product India can afford to export, then the Government should negotiate with various countries to export this article. The Government may appoint shipping agents here who can hand over the articles to the shipping agents of other countries. Therefore, the whole thing should be taken up by the Government themselves and the issue of licenses will no longer be necessary, because in this case we have to intro-

duce a system of rules artificially made which will not apply very correctly in all cases. As was pointed out by my Honourable friend Mr. Manu Subedar, Government made the artificial rules that the licences will be given only to those persons who exported in the year 1942 or 1943 or they may take up arbitrarily any other year. We ought not to feed up past boggies, we should also look after the rising generation. I think it is unfair to exclude altogether a person who has never been in trade before, provided he is not a person who comes merely to gamble in his licence. The sale of licences or their transfer should be treated as punishable offence and it should be prohibited. But all this can be avoided if the Government alone becomes the exporter. The Government ought to decide what commodity and to what extent India can afford to send outside. Then, the Government should decide to which country those articles should be exported and they should negotiate with those countries to which they want to export them. Thus, any profit that accrues by these enormous differences in prices prevailing in India and other countries will go to the Government itself and there will be no room left for any corruption in this particular method. Therefore till such time that we get the advice from the Fiscal Commission which I have just suggested, we may adopt the steps which I am mentioning. As regards imports, the only restriction should be by means of protective duties and as little restriction as possible, because we are short of consumer goods all round. The more consumer goods we can introduce in the country by the ingenuity of tradesmen, the better, provided they do not affect the prosperity of our industries which can very well be protected by means of protective duties. As regards exports, the Government alone should have the right to decide the quantity and the country to which the commodities may be exported and the entire profit will come to the taxpayers. On this question some examples were given by the previous speakers. But those difficulties will not arise provided the Government is the only authority to export and this provision should continue to operate till we get the advice of the Fiscal Commission.

Mr. B. P. Jhunjhunwala (Bhagalpur, Purnea and the Santhal Parganas: Non-Muhammadian): Sir, this is a very small Bill consisting only of six clauses, but it has very far reaching effect. While introducing the Bill, the Honourable the Commerce Member gave two reasons why it was necessary. First is that we have got a limited quantity of foreign exchange at our disposal which should be utilised for importing such materials which are absolutely necessary for the industrialisation of this country. Secondly while restricting the import, he said that we want to import such materials and to such an extent as do not compete with the indigenous products of our country here so that these things may not be flooded into our country and compete with our indigenous products and kill our industries. Sir, so far as the principle underlying this control is concerned, nobody who has got the interest of the country at heart can object to it. But the whole question resolves itself into the way in which these controls are administered. From our experience of the administration of these controls in the past, we find that the remedy is worse than the disease. Mr. Manu Subedar pointed out that he has no objection to the consideration and passing of this Bill, provided the suggestions he made are carried out. One of the suggestions was that list of materials to be exported or imported and quantity thereof should be prepared. The other necessary thing is that the issue of licences for exports and imports should be regulated in such a way that the Government may not have the sole power or it should not be left in the hands of some officials only to distribute those licences to whomsoever they like and thereby debar those people who are genuine traders. Sir, any monopolistic power exercised by government officials will lead to corruption and nepotism in the matter of issue of licences. Mr. Manu Subedar asserted that corruption was not rampant to such a great extent as has been made out in the House. But the House may remember that this question

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of corruption was discussed at length on a cut motion. At the same time he has given very many instances of corruption. If we take into consideration those instances of corruption, it becomes necessary that while accepting this principle of control, some such provision should be made in the body of the Act which will regulate the administration of this control in proper channels. If that is not done the result will be that the very object with which this Bill is promoted will be defeated. At present the Defence of India Rules are in force. Even then as pointed out by my Honourable friends Mr. Gole and Mr. Manu Subedar, very many foreign things have been imported into India. For instance plastic material, silk etc. Now India has imported such large quantities of luxury goods as were not necessary that the stock will not be exhausted for a long number of years to come. It was in the hands of the Government to regulate the utilisation of the foreign exchange in such a way that only really useful articles are sent for and not useless and luxury articles like lip sticks etc. If only the Government had been vigilant and if they had the interest of the country at heart they could not have frittered away the foreign exchange over the purchase of these materials. Our apprehension is that if Government is given power as is sought for in this Bill, the result will be that such materials will be imported which are not required and besides licence will be given only to such persons who are in the good books of Government and the result will be the very object of the Bill will be defeated. My submission before the House is that this Bill should not be passed unless such provisions are incorporated in this Bill which will give a proper lead to the administration of this Act. I shall suggest later on when the Bill is taken up for consideration clause by clause as to what amendments are necessary in order to make the Bill more equitable from the point of view of administration of the provisions. I do not want to take up more time of the House.

Sreejut Rohini Kumar Choudhuri (Assam Valley: Non-Muhammadan):

Sir, I have listened with great attention to the speech just now delivered by my Honourable friend Mr. Jhunjunwala. He has not touched upon the period during which this Bill is to be in force. So far as the period during which this Act will remain in force is concerned, I must join issue with my Honourable friend. My Honourable friend is not worried about the period of duration of the Bill, one year or two years or any number of years, he is only concerned with a certain number of amendments in the provisions of the Bill. Sir, it is very refreshing to find myself and my Honourable friend Mr. Lawson in some agreement so far as this point is concerned. Of course, I do not venture to say that great minds think alike, so far as I am concerned. But I can say at least this much that I, who have all along been one of the most bitter critics of Europeans who have been protesting against European interests flourishing in India, should come so near my Honourable friend in such an important measure, and probably *vice versa* also is true so far as Mr. Lawson is concerned.

An Honourable Member: What is *vice versa*?

Sreejut Rohini Kumar Choudhuri: My Honourable friend Mr. Lawson was perhaps bitterly opposed all along to Indian interests, as I was opposed to European interests, but we have now come together so far as the extension of the period of time of this Bill is concerned. That is *vice versa*. Well, Sir, so far as this Bill is concerned, it is one of the offsprings of Defence of India Rules. Like all unwanted offsprings, it has got to be maintained, it has got to be reared up only so long as it is absolutely necessary.

The moment it is found that it is not necessary, it has got to be discarded without any feeling of compunction. Therefore, I suggest that the extent of life of this Bill should be for a period of one year only. I do not understand Mr. Lawson's amendment so far as it seeks to fix the extended period to be two years only. The Government of today, as we see it, is a popular Government and we can trust it to extend it only to such period as it may consider fit. But why I am suggesting that it should be only for a year is this. It may be found in the course of this year or in the course of next year that the operation of this Bill is no longer necessary and if the operation is to be stopped, then the Honourable the Commerce Member will be put to the necessity of bringing in another Repealing Bill which will take some time. Therefore I suggest that this Bill may be in force for one year only and if circumstances require its further extension it may be extended from time to time as the Government of India may consider fit.

The Honourable Mr. I. I. Chundrigar (Commerce Member): Sir, I have carefully listened to the debate on this Bill and I find that there is general agreement as to the need of legislation empowering Government to control imports and exports. As my Honourable friend Mr. Manu Subedar expressed it in very forceful language, we are living in times of great shortage of several commodities and articles. If all restrictions on export were removed, I have not the slightest doubt that many essential things which we need in this country—like oils and oilseeds, sugar, textiles, tea, etc., to name only a few—would be exported in such large quantities that we may not have sufficient left for ourselves. I say this because I am flooded with applications every day from people who want to export these commodities outside India where they can realise better prices. If these restrictions were removed, it would certainly cause hardship to the people of this country; and therefore it is necessary that Government should have the power of controlling, prohibiting or restricting exports as may be found necessary. I may also mention that the passing of this legislation does not mean that Government will use these powers in respect of every article or commodity merely because the legislature has placed these powers in their hands. There are articles which are allowed to be freely exported and imported even now, when circumstances do not require that there should be any restriction on their export or import. But the position has to be reviewed from time to time. At the sessions of this Assembly in November 1946, suggestions were being made by several Honourable Members to liberalise our policy regarding imports, as certain commodities which could be imported from abroad were in short supply in this country; and in order to relieve shortage of those articles, it was suggested that we should be liberal in allowing imports. Certain changes were made in the policy and the policy regarding imports was liberalised, and the result was that the country was flooded with certain commodities like fountain pens and art silk as mentioned by several Honourable Members. As Government had these powers, they were able to stop further imports of these articles. So long as there was a famine of those articles in the country and the prices were very high and black market prices were charged, imports were allowed liberally. So it is a question of policy which has to be determined according to circumstances from time to time, and the Government policy also has to be reviewed. Therefore it is necessary to vest powers in Government for the purpose of regulating imports and exports.

Coming to particular criticisms, my Honourable friend Mr. Lawson referred to clause 3 (1) (b) and asked why it was necessary to have the power of "prohibiting, restricting or otherwise controlling the bringing into any port or place in British India of goods of any specified description intended to be taken out of British India without being removed from the ship or conveyance in which they are being carried." When he first raised this

[Mr. I. I. Chundrigar.]

question in the Select Committee, I asked him whether he could point out a single instance in which Government had misused these powers which were vested in them under the Defence of India Act and Rules, and he was not able to point out any. It is necessary to have these powers in reserve to be used in certain contingencies, and I will mention only a few of them. There are certain articles about which there are certain international conventions, —for example, regarding trade in morphia and certain other drugs. Government want to have the power to prevent such things from coming into ports. There may also be other cases. I will give an illustration. Suppose there is a struggle going on between the Dutch and the Indonesian people, and the Dutch people were to send certain steamers which were to call at a port in India. Government may think in certain cases of this type that it is necessary not to allow them to touch here and to bring any goods of a specified description into port or place in British India. There may be other considerations. Take for instance the case of South Africa. We have applied sanctions against them on account of the treatment which is being meted out to Indians in South Africa. Suppose certain ships from South Africa on their way to other countries were to stop at Bombay or other places in British India: it may be necessary to take certain action in the matter. But the gist of the matter is that the powers referred to here have not been misused in the past in any case; and I do not think there will be any occasion for complaint as to the use of these powers in future.

The second matter referred to by my Honourable friend was in regard to clause 3(2) and he said that it was not necessary to have a provision of this type. The same point was referred to by my Honourable friend Mr. Gole and he referred to section 19 of the Sea Customs Act and said that these powers were already there. That section, however, only gives powers to Government to "prohibit or restrict the bringing or taking by sea or by land goods of any specified description into or out of British India or any specified port thereof either generally or from there to any specified country, region, port or place beyond the limits of British India." Now the present Bill goes a step further and it gives power to Government to make provision for "prohibiting, restricting or otherwise controlling, in all cases or in specified classes of cases, and subject to such exceptions, if any, as may be made by or under the order" certain imports and exports. Therefore it is necessary to make this provision when we are giving more general powers under clause 3(1).

Then Mr. Lawson said that the second part of sub-clause (2) may be deleted. I tried to explain to him that the power under section 183 of the Sea Customs Act is already vested in the officer who is adjudging the case, but under Section 183 the officer is bound to give an option to the person who has imported certain articles against the provisions of any order of Government either to have the goods confiscated or to pay a certain penalty,

3 P.M. and therefore the option would remain with the offender or law-breaker who has brought the goods against the orders of Government to decide whether he should pay the fine or allow his goods to be confiscated. What the second part of this sub-clause provides, is that instead of the option lying with the offender, the option shall now be with the officer adjudging the case and he should decide whether in a particular case the person committing a breach of the order should have the goods confiscated or whether he should be given the option to pay certain fine. I may also mention that under section 167 the officer adjudging the case has not only the power of ordering that the goods in respect of which some order of Government has been contravened shall be confiscated but it also empowers the officer to order that any person concerned in such offence shall be liable to

a penalty not exceeding three times the value of the goods or not exceeding Rs. 1000'. Therefore the power of levying a penalty in addition to confiscation is already there, but there may be cases where a person may be committing a breach of a certain order in a very deliberate manner and it may be necessary that he should not be given the option of paying a fine in lieu of confiscation. As the officer is bound to give him the option under section 183 of the Sea Customs Act, the option lies with the offender himself whether he shall have the goods confiscated or pay a certain penalty. What we now propose to provide for is that that option should not remain with the offender but that option should remain with the officer. I may also mention that most of the powers under the Sea Customs Act are exercised by the Collector of Customs; he is the deciding authority. Against his decision an appeal lies to the Central Board of Revenue, and even against the decision of the Central Board of Revenue, in certain cases an appeal lies to the Member in Charge. Therefore, supposing a certain Customs Officer were to take a perverse view in some case, even then his decision is not final. The person concerned has got a right of appeal to the Central Board of Revenue and if it is not a case for confiscation, I have no doubt that the order will be reviewed by the officer concerned.

Then Mr. Gole mentioned that these powers, though they may have been necessary in war time, are no longer necessary in peace time. The powers are still necessary because the times are abnormal in the sense that we are not in a position to allow all the goods in the country to be exported if some people prefer to pay fancy prices for them. We have to conserve those goods for use in the country. On the other hand, some of our industries are in such a condition that they require a certain protection not only by the levy of a protective duty but by the restriction or prohibition of imports. When the economy of the country is in such a state, such a legislation is necessary even in peace time. He himself referred to the country being flooded with certain items which were mentioned in the earlier part of my speech. That happened because certain articles were placed on what is called 'open general licence' and 'universal open general licence'. It was due to public pressure to remove the restrictions on imports that certain articles which were then in short supply were placed on the Universal Open General Licence with the result that that commodity could be imported here from any part of the world. Experience has shown that even that policy went too far and had to be revised. Complaints were received from the Reserve Bank of India that certain articles have arrived in the country in very large quantities and further imports should be completely stopped. That action has been taken according to the advice of the Reserve Bank, and the Reserve Bank has also advised other Banks not to open letters of credit about those items which are already in abundant supply here, and which are no longer required in the country. That in itself shows that a legislation of this character is necessary.

Then Mr. Gole referred to sub-clause (3) of clause 3 regarding 'clearance'. I think here he referred to Section 89. Section 89 of the Sea Customs Act reads thus:

"When the owner of any goods entered for home-consumption, and (if such goods be liable to duty) assessed under section 87, has paid the import-duty (if any) assessed on such goods and any charges payable under this Act in respect of the same, the Customs-officer may make an order clearing the same; and such order shall be sufficient authority for the removal of such goods by the owner."

He will find that Section 89 only refers to the prevention of clearance before the duty and other charges are paid. It would not apply when Government desires to stop clearance on any other ground. Now supposing certain goods in spite of the order of Government are brought here, it will be necessary to prohibit their clearance. Here I will mention a specific case: We have got several Salt Works on the West Coast and Government has prepared a scheme

[Mr. I. I. Chundrigar.]

under which the Eastern Coast is supplied with salt as far as possible from the production in the West Coast, and it is only to the extent of deficit that salt is allowed to be imported from outside. Now supposing people try to dump salt here and some people did bring salt here without an import licence and if they were prepared to pay the duty and other charges under section 89, the Customs Officer will have no power to prevent them from doing so. It was only by virtue of the powers possessed under the Defence of India Rules, as extended by the Emergency Powers Continuance Ordinance that their clearance could be prevented, I have mentioned this as an illustration. Now supposing some other commodity not required in the country is imported into the country and if the party says 'I am prepared to pay the customs duty and other charges', he cannot be prevented from doing so. It is therefore necessary that this power should be rested in Government.

Mr. P. B. Gole: I was speaking of the unrestricted goods. Why should provision be made?

The Honourable Mr. I. I. Chundrigar: If there is no prohibition for the import of goods, then you do not expect Government to say that they will not allow those goods to be cleared. All the powers are supposed to be read in the same context.

Mr. P. B. Gole: But the wording of sub-clause (3) is too wide—"any goods".

The Honourable Mr. I. I. Chundrigar: Sub-clause (3) reads:

"Notwithstanding anything contained in the aforesaid Act, the Central Government may, by order published in the official Gazette, prohibit, restrict or impose conditions on the clearance, whether for home consumption or for shipment abroad, of any goods or class of goods imported into British India."

Therefore these powers are the same as are taken under sub-clause (1) of clause 3 for prohibiting, restricting or otherwise controlling imports. It may generally be assumed that action under sub-clause (3) would be taken only in respect of those goods about which action is taken.

Mr. P. B. Gole: Why not say restricted or prohibited goods instead of "any goods" under sub-clause (3) of clause 3.

The Honourable Mr. I. I. Chundrigar: Because the words "any goods" are used at both places. There is another contingency. Supposing

Sjt. N. V. Gadgil (Bombay Central Division: Non-Muhammadian Rural): The goods actually come and you take a decision to prohibit!

The Honourable Mr. I. I. Chundrigar: This is for the purpose of clearance. Assume that certain goods have arrived and are in bond. They are occupying certain space there. In the meanwhile, supposing large imports of foodgrains from other countries arrive and space is wanted for storing them. Government should have the power to order that these goods must be cleared within a week or ten days by which time they want the accommodation. A case of this type occurred in Calcutta where sufficient warehousing accommodation was not available and we had to give notice under similar provisions even in respect of goods the imports of which were allowed by Government.

Mr. P. B. Gole: Cannot this be done under Section 89 of the Sea Customs Act?

The Honourable Mr. I. I. Chundrigar: S. 89 does not empower Government to do so. It would permit Government to levy customs duty. When this point was first mentioned by Mr. Lawson, I again asked him whether he could point out a single instance in which Government had misused its powers and he was not able to do so. What I want to point out to the House is that Government is not likely to use its powers unreasonably, if these powers are placed in their hands.

Then he referred to clause 5 and objected to the words "deemed to have been made under this Act". It may be that a certain order is passed by Government and actually purports to have been passed under this Act. It is possible that in certain cases Government passes an order without making a reference to this particular Act. It is to provide for such contingencies that these words are used in all enactments of this nature. This enactment is not an exception to the general rule. Whenever similar provisions have to be made, the words generally used are "If any person contravenes any order made or deemed to have been made under this Act.". This is the common phraseology which has been taken from the other enactments.

Then he referred to Clause 7 and asked why it is necessary to have this provision, when similar provision was not made in Defence of India Rules. He seems to have overlooked the provisions of sections 16 and 17 of the Defence of India Act which contains similar provisions. Similar provisions are to be found in every other similar enactment, as officers who are acting *bona fide* in the exercise of their powers have to be given protection.

Then Mr. Vadilal Lallubhai said that though the powers were no doubt necessary, he felt that the powers had been misused on some occasions in the past and he referred to the case of the Moskati Cloth Market Association, Ahmedabad. I know that this case is not before the House, but I would like to give a brief explanation in order that the Members may understand how sometimes wrong allegations are made against certain officers. What happened was that after the control on the export of cloth was imposed, persons who had exported cotton piece-goods during the basic period were asked to make their applications. Those members of this Association who now apply, did not make any application in 1943 and other parties of Bombay applied for export permits and their case was enquired into and they produced bills of lading to prove that they had made certain exports to Burma. In 1943 they were given the permits. The members of this Association then protested but their case was considered and it was rejected. Then in April 1946 the members of the Association again made an application saying that those people who had been given export licenses on the basis of their exports in the basic period were not the real exporters but their agents. The case was enquired into, as Mr. Lallubhai has himself mentioned, by the Additional Secretary of the Department. In the meantime another application was received in July 1946 and a third application in October 1946. This case was fully enquired into by the Deputy Chief Controller of Exports at Bombay. The case was again examined by the Chief Controller of Exports at headquarters and ultimately it was again re-examined by the Additional Secretary of the Commerce Department, and he has after careful consideration laid down certain standards which Mr. Vadilal Lallubhai himself read out. The whole point for consideration is this: Whether the members of this Association can be deemed to be exporters or whether the Bombay parties are to be deemed to be exporters. The claims of the Bombay parties are that they were the real exporters. They purchased the goods from the members of this Association because they held the selling agencies of certain mills and they were only purchasing cloth from them. The point for consideration is who is the real exporter—the man who shifts the goods from Bombay or the man who sent the goods from Ahmedabad.

Mr. Vadilal Lallubhai: The question is that these Ahmedabad merchants sold to Burma merchants by telegram and letter.

The Honourable Mr. I. I. Chundrigar: That is what I am trying to show. In those cases where the officer who has investigated is satisfied that it is really the Ahmedabad party who has sold the goods in Rangoon, he will be, as stated in the order which Mr. Lallubhai has read out, treated as the exporter. But where he will find that it is the Bombay party, in that case the latter will not be deemed to be an exporter. That is only a question of fact to be ascertained as to who was the real exporter.

Mr. Vadilal Lalubhai: In categories (a) and (b) decision was given in my presence.

Mr. President: That does not arise now.

The Honourable Mr. I. I. Chundrigar: Lastly, Mr. Vadilal Lalubhai and also some other members said that the imports and exports should be done by Government, i.e., that there should be what they called State trading. There are certain difficulties in the way. Take for example, the question of the export of cotton piecegoods. Some countries require particular qualities or types of cloth. One quality may be very popular in one market but may not be as popular in another. Therefore some sort of expert knowledge of the trade is necessary to undertake this work. I do not mean to say that the difficulties are insuperable. Government can engage persons, who may be acquainted with the line and do the work. When this suggestion was made to me from several quarters I examined the possibility of adopting that suggestion and I also placed it before the Standing Advisory Committee of the Commerce Department. The Committee have come to the conclusion that we must as an experimental measure try the system which comes midway between State trading and private trading and it is this. They said that we should invite public tenders by giving an advertisement in the press that Government wants to export so much quantity of article A to a country called X, and anybody who wants to have the right of export may say "I will give to Government so much per ton and this is the quantity which I want to export." After full consideration, the Standing Advisory Committee recommended that as an experimental measure we may try this system in three commodities. One is oil and oilseeds, another is crushed bones and bone grist and the third is soap. Much will depend on the result of the experiment that we propose to carry out. If the experiment is successful and Government can get a substantial revenue out of this experiment, it will be tried in other fields also. It may be that if the tender system is not found to work satisfactorily, we may have to go the whole hog and adopt the system of State trading in certain commodities as suggested. That is a new ground which we are trying to tread and we are trying an experiment in that direction.

Mr. Manu Subedar rightly supported the principle of export and import trade control and he rightly said that we cannot leave it to the individual judgment of the various traders who have got their self-interest in the matter to decide what articles should be allowed to be exported or imported and that Government must look to the common interests of all the parties and of the people of the whole country before coming to a decision on this point. He also rightly drew the attention of the members of the European group to the fact that in the United Kingdom powers to control exports and imports are vested in Government and are probably being exercised more strictly than they are being exercised in India.

Mr. Manu Subedar particularly referred to two questions: one was about steel imports and another about the import of gold and silver. He mentioned as to how it would have been impossible for Government to restrict or prohibit the import of gold and silver unless powers had been placed in the hands of the Government and how Government would have been unable to prevent money being put into the pockets of certain 'continental sellers' as he put it. The same considerations apply here. As to the suggestion about steel imports, though the Industries Department is now dealing with the question of steel imports, I have already taken up the question with the Industries Department. I had a discussion with the Industries Member and we are considering a scheme by which we propose to import certain quantities of those items of steel, which are badly required by the people here, such as those mentioned by Mr. Subedar, plain sheets, corrugated sheets, bars, etc.

Probably I think Mr. Subedar was slightly misinformed about what the Iron and Steel Controller at Calcutta

Mr. Manu Subedar: This was in one of the Industries Department notes given to us in the Standing Committee of the Industries Department and the condemnation there was not of the Commerce Department but of the Industries Department which was content to receive the information from the Iron and Steel Controller at Calcutta as to whether anywhere in the world anybody could have any steel for India and because he was satisfied that there will be none, therefore licences were not to be given.

The Honourable Mr. I. I. Chundrigar: I am just trying to clear the same point. Mr. Manu Subedar probably recollects that he mentioned this fact to me and when he did so, I immediately took it up with the Industries Department and the Iron and Steel Controller. The reply given to me by the Iron and Steel Controller was not that iron and steel is not available today in any part of the world but that iron and steel is not available at the price at which it is sold in India in any of those countries and difficulties would be created if iron and steel was allowed to be imported here at higher prices, when the local iron and steel was sold at a lower price. That was the objection which he mentioned to me. Then he modified his attitude by suggesting that if iron and steel could be imported at about Rs. 100 more per ton than the local price he would allow the imports. The matter is being considered further and we have not allowed it to rest there. We are actually drawing up a list of the quantities which we should try to import from foreign countries even if the prices are higher than those prevailing here and his suggestion is receiving attention.

Incidentally I might mention that even though we are so short of iron and steel here, our department receives so many applications for their export from India and every one of them is turned down. That would show the dangers which we will have to encounter if powers to prohibit exports in such cases are not vested in Government.

Then Mr. Manu Subedar mentioned the case of certain evacuee Jews. I have already passed orders that these people should no longer be given any permits and I have also called for a report and I think the necessary action will be taken. As to the instance which he mentioned about aluminium, which is not now dealt with by my department, if he could give me some more information, he can rest assured that the matter will be pursued and will not be dropped.

Mr. Manu Subedar also mentioned that even though the distinction between old and new firms should be there, it should not be so rigid. This is also a matter about which the Standing Advisory Committee of the Commerce Department was consulted and we are evolving a new policy about the same. Then as regards his suggestion about expanding exports I have already dealt with it in reply to the question which he put to me. The matter is being examined and I would be very glad to have any suggestions from him and the other members of the House.

Then Mr. Manu Subedar mentioned something about the way goods are exported under a misdescription, like cotton piecegoods going under the description of timber. So long as human nature is what it is, it would be very difficult to ensure that not a single case of this type will take place. But all possible precautions are being taken and so far as certain ports on the western coast, mentioned by him, are concerned, I can assure him that definite steps have been taken in the matter and exports from those ports are now completely prohibited.

Dr. Zia Uddin referred to the appointment of a Fiscal Commission at this stage. I should say there is no direct connection between this legislation and his suggestion. But that is a matter which Government will examine. For the moment the decision of Government is that the power to control exports and imports should be vested in them.

Then he elaborated certain principles about protection. I do not think I need go into those principles at this stage because this Bill does not deal with protection.

[Mr. I. I. Chundrigar.]

Then he said that in the trade with certain countries like the Middle East and other countries there is a great margin of profit and that is why there is a scramble for licences. That is a matter, as I say, which we are examining. We are trying to experiment about three commodities. So far as exports to countries where prices are not controlled and where prices are much higher than the Indian prices, Government will examine the question of state trading and doing export on their own behalf.

Then Mr. Jhunjhunwala mentioned that the principle of the Bill is all right but that certain officials were corrupt and therefore it was not properly administered. In an administration dealing with the control of the export and import of a vast country like this, we have to depend upon a large number of officials. It would be impossible for one, two or three officers to do the job. All we can do is to keep a strict vigil and if any instance is brought to the notice of Government, even though it may be an old instance, we are prepared to enquire into the matter and take necessary action.

Lastly, Mr. Chaudhuri said that the life of the Bill should not be more than a year. I do not see any prospect of the shortage in many commodities being relieved in the course of one year. Things like textiles, sugar, oils and oilseeds, I believe, will be in short supply for a much longer period and therefore the powers will be necessary beyond a year. But I want to impress upon the House one fact. By passing this legislation the House does not say that the powers under the Bill shall be used for three years. It only empowers the Government to pass an order for prohibiting, restricting or controlling export or import of a particular commodity, if it finds it necessary to do so. If it is not found necessary to utilise the provisions of this Bill after one year, Government will not utilise them, and it will not be necessary, as Mr. Chaudhuri thought it was necessary, to bring in a Repealing Act or Bill before this House. Government can cancel the order passed under this Act, and automatically the restrictions will cease. Sir, I think that this is a very necessary piece of legislation and the House will adopt it.

Mr. President: The question is:

"That the Bill to continue for a limited period powers to prohibit or control imports and exports, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Mr. President: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Mr. P. B. Gole: Sir, I move:

"That to sub-clause (1) of clause 3 of the Bill, the following Proviso be added, namely:

'Provided that no permits shall be issued in favour of any persons or class of persons under the order.'

Mr. President: If Honourable Members have no objection, I suggest that all the amendments to this may be moved at this stage and then the discussion may take place, because I think the discussion would otherwise be overlapping to some extent.

Several Honourable Members: We have no objection.

Mr. President: Amendment moved:

"That to sub-clause (1) of clause 3 of the Bill, the following Proviso be added, namely:

'Provided that no permits shall be issued in favour of any persons or class of persons under the order.'

Sreejnt Rohini Kumar Chaudhuri: I beg to move :

“That to sub-clause (1) of clause 3 of the Bill, the following Proviso be added, namely :
 ‘Provided that the Central Government may not issue licence or permits in favour of any particular person or class of persons for importing or exporting the restricted commodities’.”

Mr. President: Amendment moved:

“That to sub-clause (1) of clause 3 of the Bill, the following Proviso be added, namely :
 ‘Provided that the Central Government may not issue licence or permits in favour of any particular person or class of persons for importing or exporting the restricted commodities’.”

Mr. B. P. Jhunjunwala: I beg to move :

“That to sub-clause (1) of clause 3 of the Bill, the following Proviso be added, namely :
 ‘Provided that in disposing of applications and issuing permits under this order the following principle shall be adopted—
 (a) 75 per cent. *pro rata* to all the established shippers; and
 (b) 25 per cent. *pro rata* to other applicants’.”

Mr. President: Amendment moved:

“That to sub-clause (1) of clause 3 of the Bill, the following Proviso be added, namely :
 ‘Provided that in disposing of applications and issuing permits under this order the following principle shall be adopted—
 (a) 75 per cent. *pro rata* to all the established shippers; and
 (b) 25 per cent. *pro rata* to other applicants’.”

Now there are three amendments, one by Mr. Gole, another by Mr. Chaudhuri and a third by Mr. Jhunjunwala.

Mr. P. B. Gole: The object of all these three amendments is practically common. The underlying idea is this. We have no objection to the passing of any orders prohibiting the import or export of any commodity but we have an objection to the use of permits for import or export. We have already passed the Foreign Exchange Bill which is now on the Statute Book. Under the Foreign Exchange Act, the Government as well as the Reserve Bank have got powers to set apart foreign exchange for the purchase of any commodity and the Reserve Bank will be asked from time to time as to what foreign exchange is necessary for the purchase of a particular commodity to be imported. If that step is taken, the only thing Government will have to do under the orders to be passed under sub-clause (1) would be to ask the Reserve Bank to set apart a particular foreign exchange for the import of these goods and those persons who want to import will have to apply to the Reserve Bank or a recognised dealer as defined in the Foreign Exchange Act who deals in foreign exchange. Therefore when the foreign exchange for the import of a certain commodity has been determined by an order from this Government, ordering the Reserve Bank to set aside a particular exchange for the import of certain goods, that will suffice for the purpose after issuing orders under sub-clause (1) of clause 3. The question then arises whether any permit is necessary. If you issue an order restricting the import of a certain commodity to a certain extent that order may be communicated to the Reserve Bank which may be asked to set apart a particular foreign exchange required for the import of that particular commodity. As soon as this is done, all the importers will have to apply to the Reserve Bank for the necessary exchange that would be required for bringing that commodity. If this practice is resorted to under this Act further permits would not be necessary. This is one way in which permits could be avoided.

There is another way. Applications may be called from those wishing to import any commodity as soon as the Government passes a restrictive order that only so much and not more would be allowed to be imported. Then applications

[Mr. P. B. Gole.]

should be called from those persons who want to deal in that article and they should also be asked to deposit at least 30 to 40 per cent of the price in cash along with the application so that those who are genuine dealers and who have been dealing in those commodities would only apply and after that as soon as these applications are received with the deposits, then you can decide. Supposing the applicants are more, every applicant would be given a quota proportionate to the restricted goods and in this way the necessity for issuing permits could be avoided. The underlying idea of the amendment is this. These permits will be issued and as has been referred to by my friend Dr. Zia Uddin Ahmad, all sorts of corruption will come into existence in connection with the issue of permits. It may appear to be a sweeping remark to say that everybody is corrupt. I do not say that the world consists of only corrupt people but I do maintain that this is a temptation and it is very difficult to overcome temptation. Let us not leave any scope for temptation. I am suggesting two methods but if the Honourable the Commerce Member can think of any other method except of course the granting of permits for carrying out this order for restriction or prohibition I have no objection.

So far as prohibition is concerned, there is no question of issuing permits, because as soon as you prohibit the import of any commodity, no question of permits will arise. If you want to restrict it to a particular quantity, then the question of permits will come in and in that case instead of issuing permits I have only suggested two methods. If the Honourable the Commerce Member thinks of any other method, I have no objection. In connection with all controlled articles, this system of permits is in vogue and this has caused so much discontent among the public. So the issue of permits should be avoided and I have suggested methods by which the order can be carried out without issuing permits. I have already suggested two methods and I do oppose the granting of any sort of permits. Therefore a specific provision should be made in the Act that these permits should not be granted. Therefore I have moved my amendment.

Sreejot Rohini Kumar Chaudhuri: The sole object of bringing in this amendment was to enable Government to keep aloof from any charge of corruption among their officials and keep aloof from either directly or indirectly encouraging vested interests. Some amount of corruption there is. There is absolutely no doubt about that. It seems to be generally agreed in this House. It is not my purpose to investigate who is guilty of corruption. I do not want to make any sweeping remark against any class of officials. When I can show the Honourable Member in charge of the Bill that there is a way by which the object of this Bill can be achieved and at the same time the Government may be immune from any suggestion of encouraging vested interests and corruption, why should not Government accept that suggestion which has been embodied also in the amendment of my friend Mr. Jhunjhunwala. So I humbly commend my amendment for the acceptance of the House.

Mr. B. P. Jhunjhunwala: Sir, the object of my amendment, as I stated this morning, is that this control is bound to lead to corruption and unless something is in the body of the Act itself by which this control is to be administered, the corruption will continue. The object of the Bill is the continuance of the control on imports and exports. But, instead of continuing the restriction of exports and imports, there will be the continuation of corruption if some sort of proviso is not added in the Act itself by which the Government will not be free to issue permits to whomsoever they liked or to impose certain restrictions on any commodities. They just liked whenever a particular officer wants to import any particular goods, he issues a permit for them though it may not be in the interests of the country to import that particular kind of commodity. Licences

have been given to those from whom they get something. In this way, this system of licences has led to corruption and black-marketing in the country. So, I have given notice of the amendment that in disposing of applications and issuing permits under this order certain principles should be observed. Government should invite applications from those who want to export or import a particular commodity and in disposing of these applications they should bear in mind that 75 per cent. of them should be given to established shippers and 25 per cent. to others. This was suggested by the Honourable Member himself while he discussed this matter in the Select Committee. I have no objection even if all the 100 per cent. is distributed to all the applicants, but it was pointed out by the Honourable the Commerce Member himself that it will be more expedient to give 75 per cent. to those who are already in the trade and so I have put in this proviso. In working out this thing so many difficulties have been pointed out and it has been said that there will be so many bogus applicants. To avoid all that, rules might be framed that only those applicants will be considered who deposit at least 30 or 40 per cent. of the price of things which they want to import and that money shall not be refunded until they have opened a letter of credit and fixed up the exchange. In that way, we shall avoid applications from bogus people and there will not be many applications. If the Government wants that there should not be any corruption, they should not be anxious to have an unrestricted power to themselves. Their power should be restricted by some proviso in the Act and this is one of the provisos that I suggest. Even if there is some difficulty in working up any suggestion, that should be met and attempt made to solve it rather than follow the policy of drift to corruption.

Mr. Vadilal Lalubhai: Sir, if the Honourable the Commerce Member accepts Mr. Jhunjhunwala's amendment, it will simplify the matter because there will then be no question of any corruption getting into anywhere in the Department or in the offices. If he grants to the established shippers 75 per cent. *pro rata* and 25 per cent. to those who apply henceforth, the matter will be so simplified that there will be no loophole left for corruption. If this amendment is accepted, then there will be no need to move my amendment.

The Honourable Mr. I. I. Chundrigar: I cannot accept this amendment.

Shri Sri Prakasa (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Mr. President, Sir. In the time of the predecessor of our present Commerce Member, I had occasion to bring to the attention of the House the monopoly that seemed to exist, for instance, in the import of brass sheets. I am personally against all monopolies in such matters. Then, it transpired that in the whole of the country there were only three persons who were authorised to import brass sheets with the result that these three persons made tons of money and all other legitimate importers of brass sheets were simply shut out. Not only that, these importers had their retail shops at various places like Moradabad, Benares and Mirzapur, the three places in my province that carry on a great deal of trade in brass ware. And they used to take care that only their representatives—their friends and their relatives—got the licences for retail sale.

I am not worried about the formula that may ultimately be adopted by the House, but I should certainly beg the Honourable the Commerce Member to put a stop to any possibility of such a monopoly being created under this Act. If the Honourable Member could give us an assurance that that sort of monopoly will be broken, I should have no objection to support any measure that he may bring before the House, for I am willing to concede that there should be some sort of control in the matter of imports and exports in the interest of the country at large. During the last few years—and they were dark years in all conscience—through which we have passed in our country suffering from all the effects of war without joining it formally, all sorts of monopolies were created.

Though it may be regarded as irrelevant, I may give it only as an example. In Benares only three persons—I do not know why the sacred figure of three

[Shri Sri Prakasa.] ...
 comes up so often—had and still have a monopoly of importing cloth in the town and district of Benares consisting of 12 lakhs of people. All the initial profit on all the cloth that is imported into the town and district of Benares goes to just these three people. The curious thing is that this monopoly cannot be broken. I do not know what the reasons are, but whenever we approach Government to break this monopoly and to allow other folks also to come into the trade, they say that as they have had no complaints against these persons who have been carrying on the work in the past and so they prefer to allow them to carry it on in the future also. I feel that the Honourable Member should take some steps in order that such vested interests may not be created and that other folks may also have a chance of joining particular trades and sharing the profits.

Sjt. N. V. Gadgil: Mr. President, the general feeling of the House is well ventilated and there is one point which has been brought out with greater emphasis and clarity. It is that, however unpalatable the system of control may be, it is accepted for the time being. At the same time, every one of us is anxious to see that it is worked with the least possible corruption. We know that corruption has its root in human mind and, while discussing this question with some of my friends in the lobby, a wit remarked that corruption and prostitution are as old as the hills, but we must do our level best to remove both. Here we are concerned for the time being with the removal of corruption. All the three amendments that have been moved in the House have only one object. Now, so far as the amendments of my Honourable friends Mr. Gole and Mr. Rohini Kumar Chaudhuri are concerned, they will virtually shift the field of corruption from the Commerce Department to the precincts of the Reserve Bank. Unless both of them assure me that those who man the Reserve Bank are absolutely honest or at least relatively honest, the change will not be a matter for congratulation. Anyway, Sir, there is another danger in removing this thing from the sphere of the Commerce Member and conferring it on the Reserve Bank. If applications are invited, it is just possible that what we are trying to avoid namely vested interests or monopolistic interests, they will exactly come out. For there are people in this country who have enough money and they will

ask for the entire quota to be allotted to them with the result that
 4 P. M. the Bank instead of going into the business of allotting it *pro rata* or province-wise or industry-wise is more likely to give it to one man. Then the position will be exactly what we never contemplated or what we never wanted. Therefore something that seems to be somewhat workable arrangement under the present circumstances seems to be that embodied in the amendment moved by Mr. Jhunjunwala. I agree with Shri Sri Prakasa that people have practically monopolised some trades in certain areas of this country, people who had nothing to do with cloth, suddenly blossomed into wholesale dealers in cloth and people who had nothing to do with building materials suddenly became Government contractors, for construction of large buildings and in this way became great millionaires. All that we know was due to circumstances prevalent while the war was on. Now that war is over, something better should be substituted but even then if some expert knowledge is necessary it should be provided for. I do not think my Honourable friend Mr. Jhunjunwala is very keen on having this proportion of 75 per cent. and 25 per cent.

Mr. B. P. Jhunjunwala: Not at all.

Sjt. N. V. Gadgil: His idea seems to be that at least there must be some field, some opening to some trades for some new entrants who come into the business. Otherwise, it becomes the monopoly of those who are already there and who will continue to be there at least for the period of three years and those who are ambitious and who want some openings in new lines, will be barred. Such conditions should not be created as a result of this legislation. I therefore request the Honourable the Commerce Member to consider whether he would

not like to accept the principle underlying the amendment of Mr. Jhunjhunwala. As regards the actual working whether those who are new in the field should be given *pro rata* or in certain circumstances there should be a variation, because I can well imagine contingencies in which *pro rata* distribution would be ridiculous all these can be settled later on, once the principle is accepted. I would like the Honourable the Commerce Member to assure this House that he is with us so far as the elimination of the element of corruption in any department and particularly in this department because the Commerce Department is now under discussion, is desirable and that he accepts this principle and that he will by framing the necessary rules see that corruption is reduced to the minimum.

Dr. Zia Uddin Ahmad: I said at the consideration stage that I am opposed to controls altogether. But the House appears now to accept the principle of controls because the House has now taken up the consideration stage of the Bill. It seems that the House is in favour of controls and that controls may continue for some time.

[At this stage Mr. President vacated the Chair which was then occupied by Mr. Deputy President (Khan Mohammad Yamin Khan).]

But in case control is to continue, then I am strongly of opinion that any restrictions will not be for the benefit of the people. The moment you apply restrictions, then somebody will come forward. I may come forward and propose why quota should not be fixed for each province, why not for every community, why not for those persons who never entered into the business. Because after all they are advocating the cause of those who have been in the business. I tell those who have been in the business, you have made quite a lot of money during the war by those monopolies, let other people now come forward and have their quota so that those who have already made plenty of money during the war should not be given any further chance to monopolise trade. Give a chance to others also. The House seems to have swallowed the unpleasant thing of having controls. Then let no restrictions be placed on the powers of Government. The Government alone should be made responsible for administering these unpleasant controls. I will not accept any of these amendments. I would rather like to shift the whole responsibility on to the shoulders of Government and make them do all these unpleasant things. I do not like to put down any restrictions whatsoever because the moment restrictions are placed, then these very restrictions might work favourably to some persons and very unpleasantly to other classes of people. So that whatever decision you may arrive will never be pleasant to all people alike. I realise you have put the Honourable the Commerce Member in a very difficult position. If only the House had adopted my suggestion and abolished all controls altogether, then the road would have been free. But in the interest of development of industries and various other things, the majority in the House is in favour of controls and I accept the majority verdict. Once you have taken this position, then no restriction whatsoever should be put and the entire responsibility for working these controls should rest on the Government. Anybody is at liberty to make suggestions but the final decision must always rest with the Government. Therefore I oppose all the three amendments.

Shri D. P. Karmarkar (Bombay Southern Division: Non-Muhammadan Rural): The discussion that has taken place till now sufficiently shows that Honourable Members of this House are very jealous of the powers that we are entrusting the executive with by means of this Bill, and I, for one, would think that the Honourable the Commerce Member must have felt very much relieved at the very great interest taken by representatives of public opinion so far as they are in this House. It only shows that controls were very badly exercised during the war period and it is up to us and also it is up to Government to see that public opinion is absolutely satisfied on the point that controls are exercised in a very proper manner. If we say that controls are likely to be abused, it is not as if we are casting any reflection on the government of the day. We only

[Shri D. P. Karmarkar.]

indicate the possibility of abuse. I certainly think that the Honourable Member is as much anxious as any one of us to see to it that these controls are properly exercised. The amendment before the House seeks definitely to limit and lay down in so many ways the way in which the shipping business should be distributed. It is as well that the Honourable Member would accept the principle underlying this. As the Honourable Member who moved this amendment, and made it perfectly clear that the suggestion came from the Honourable the Commerce Member, I hope by way of satisfaction he will accept the principle underlying this amendment. As Mr. Gadgil has suggested, I feel sure that the Honourable the Commerce Member will accept the principle underlying it, if not the exact terms in which it is put, but at least with a view to meeting such possible objections against the possibility of these controls being abused by the subordinate officials of the Government. I should like to make a constructive suggestion with a view to achieving the object underlying the principle of this amendment. It is this. So long as such emergency legislation is there, an advisory body of this legislature should be set up to advise the Government in the proper exercise of its function and from time to time advise the Government regarding the percentages to be fixed, to meet the requirements of applications; the qualifications of applicants, in fact every matter connected with the exercise of these emergency powers. I think, Sir, there would be sufficient scope for public opinion to exercise itself very effectively in so far as the working of these controls are concerned. Any other method would partly defeat the very purpose of this Bill which we have in view. Of course it might be said that there is already an advisory body in respect of the Commerce Department. But we shall not be content with it, in so far as we are vesting the executive with enormous powers and those powers are not necessarily exercised by persons responsible like the Commerce Member. Powers vested in Government have necessarily to be exercised by persons in a subordinate capacity. And with a view to prevent any possible abuse of any of the discretionary powers vested in Government and by delegation to officials I suggest that the Honourable Member should make up his mind to satisfy public opinion and so long as this emergency legislation is in existence to set up a special advisory committee consisting of Members of the legislature to advise Government in the exercise of these controls. A measure like that would go a long way . . .

Dr. Zia Uddin Ahmad: That also may be a corrupt body.

Shri D. P. Karmarkar: Those who think like that, may be excluded from this committee and those who have faith in themselves may find a place in it. And I think my Honourable friends may be pleased to withdraw their amendments after receiving definite and satisfactory assurances from the Honourable the Commerce Member.

The Honourable Mr. I. I. Chundrigar: Sir, as regards the amendments moved by my Honourable friends Mr. Gole and Mr. Chaudhuri my Honourable friend Mr. Gadgil has given a proper reply that their suggestion made in these amendments will not solve the problem. The choice of the exporter or importer will only be shifted from the authorities in the Commerce Department to the Reserve Bank, with the additional disadvantage that any man of money who can spare a large amount of money will immediately go and purchase the exchange necessary for export or import and *bona fide* trades in the line for years will be completely eliminated. The result will therefore be that instead of improving matters the acceptance of that suggestion will, I am quite sure, definitely worsen matters and it may create a monopoly such as the one which was mentioned by my Honourable friend Mr. Sri Prakasa. I may mention that both the instances mentioned by him are not within the purview of my department. The control of brass sheets is under the Industries Department and the question relating to the distribution of cloth in Benares city is under the provincial Government. But so far as

the Commerce Department is concerned no monopoly has been or will be given to any party or any small number of two or three, as mentioned by him.

Coming then to the third amendment moved by Mr. Jhunjhunwala, as he has rightly pointed out, the idea underlying that amendment is the one which I discussed with him and some others. However, it cannot be laid down definitely in an Act of the legislature because in that case it will be impossible for the department to depart from that principle irrespective of any difficulties which may be encountered. For example, it would be impossible in that case to have even State trading in any particular item. The amendment placed before the House is so worded that it would not even allow Government to be the monopoly importers of certain commodities like wheat, rice, etc. Apart from that, there are several items on the import and export side where we cannot introduce the 75 per cent. established shippers and 25 per cent. new comers rule. As I have already mentioned, we are going to try as an experiment the introduction of the tender system about three items where we will have to depart from the principle of 75 and 25 per cent. There are other items where I tried to introduce this 25 per cent. rule for new comers but found it difficult to do so. In such cases instead of giving 25 per cent. share by one jump to new comers, we have to make a start by giving ten per cent. to new comers and in the next allotment of quotas, we may be in a position to raise the percentage from 10 to 25, as it is difficult to accommodate 25 per cent. new comers in some particular commodities. Therefore, as I say, we cannot lay down in an Act of the legislature a definite percentage of 75 and 25. But in all these cases, subject to suitable exceptions, as a general rule that is the principle which the Commerce Department intends to follow and which the Commerce Department themselves mentioned to the Honourable Members who have moved this amendment. As the Mover of the amendment himself admitted, the whole idea underlying the amendment has been taken by him from his discussion with me and, we are generally going to adopt that line subject to exceptions in particular cases where difficulties may be encountered.

That is regarding the percentage of 75 and 25, which is the first part of the amendment. The second part of the amendment says that it should be distributed *pro rata* between the various applicants. There also he has taken the idea entirely from his discussion with me. But there also I must mention that it will be impossible to lay it down as a definite rule in all cases. There may be a commodity wherein if you were to make a *pro rata* distribution you may be in a position to allot such a small quantity as one maund or two maunds or half a ton to each applicant and where it may be impossible to work it in practice as the export and import trade will be paralysed by such small quotas. But where the *pro rata* distribution does not lead to any absurdity of this character and where it can be worked in a normal way without any difficulties, it is the policy of the department to follow the *pro rata* rule. But where certain difficulties may be experienced we may have to depart from the *pro rata* rule because in that case it may be impossible to work out any scheme of imports or exports in a manner which would keep the trade in efficient hands. Therefore, so far as general principles are concerned, I am in sympathy with the third amendment but it is impossible for Government to accept the principle because no hard and fast rule can be laid down. I hope with this assurance the Honourable Members will withdraw the amendments.

Mr. Vadilal Lallubhai: Sir, I understand then that the *pro rata* distribution is not being followed till now because it is according to quotas for the years 1940-42 or thereabouts. If any merchant has done heavy business in those years he will be given a higher quota and one who has done less business will be given a smaller quota.

The Honourable Mr. I. I. Chundrigar: If it is the idea that whether a man has exported 50,000 yards or 10 lakhs of yards they must have equal quotas, that principle can never be accepted by Government. It could only be accepted as *pro rata* according to business which was done by him.

Mr. P. B. Gole: Sir, in view of what has been said by the Honourable the Commerce Member I should like to withdraw my amendment.

The amendment was, by leave of the Assembly, withdrawn.

Sreejot Rohini Kumar Chaudhuri: Sir, I also ask for leave to withdraw my amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. B. P. Jhunjhunwala: Sir, I too beg leave to withdraw my amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. C. P. Lawson (Bengal: European): Sir, I move:

"That to sub-clause (1) of clause 3 of the Bill, the following Proviso be added, namely: 'Provided that the operation of a restriction on imports shall be limited to a period of six months where such restriction is made for no other purpose than the protection of indigenous industry'."

This amendment that I have moved depends for its success whether the Government and this House accept the principle that the normal protection of indigenous industry is by tariff and not by prohibition. Perhaps it will be as well if I said that over again: Whether or not this amendment is acceptable depends, as I say, on whether Government accepts the principle that the normal protection of indigenous industry should be by tariff and not by prohibition. I think, Sir, that that is a well-established international principle and has figured largely in various trade talks and so on in which this country has participated. But if there is any doubt on the question, I think that everybody would admit that it is bad for any industry to have no competition. As I said before, when speaking on this subject, there comes a time when if a product is not up to standard, it is definitely not bought and then your prohibition merely results in your losing import duties. Apart from that there is the necessity that there should be something against which the indigenous product should compete. If you wish import duties can be attached to the product up to any limit—up to three or four hundred per cent. if you wish—although as previously remarked it would be doubtful in that case whether the product that you are protecting would be worth protecting. Whereas there is no question that a tariff can be adjusted to such a height as to make competition impossible, it is wrong in principle to prohibit the import of goods. That is the theory in defence of the principle, a principle to which I hold most strongly, that the protection of industry should be done by tariff and not by prohibition. I would like the Honourable the Commerce Member if he will be so kind to deal with that particular point: Does he or does he not agree that the proper protection of indigenous industry is by duty tariff?

To go on from that let me give you the practical reasons why I consider that this amendment should be moved and why this amendment should be accepted by the House. At the moment there are occurring a number of instances some of which I have brought to the notice of Government.....

Mr. Deputy President: Order, order. No doubt it is permissible for the Honourable Members to talk in a low tone among themselves in the House, but they should not talk in such a manner that the House is disturbed. Their voices must be so low that other people in the House do not hear them.

Mr. C. P. Lawson: Thank you, Sir. That will save my voice a little bit. As I was saying, I have brought to the notice of responsible departments, and the Commerce Member himself is perfectly well aware that circumstances are now arising in which certain parties claim to be able to manufacture a type of product which in fact they have never manufactured in practice or in bulk. The result of this is that by making applications to Government Departments they are enabled to get a prohibition on imports and until the people who utilize that product find out that it cannot be used for the purpose for which it was intended until that time arrives and until Government are convinced that

the product is not being manufactured in sufficient quantity, in suitable quality or at a reasonable price, the prohibition of that import continues. That is a bad thing for the industry of the country. It means that a person who requires a certain article, say a filterate of sorts, and finds subsequently that that article is not a filterate at all he has to go through all the process of getting this prohibition withdrawn before he can get the proper article.

Now all I have suggested in this amendment is that there should be a time-limit on the prohibition. All I suggest is that when a prohibition of this type is introduced—I acknowledge the Commerce Member's right to protect the industry of the country and if it is necessary he may indeed have to produce a temporary prohibition to protect that industry; I acknowledge his right to do that—but I suggest it would be right to impose a time-limit, a limit of six months. In that six months period there is every chance of putting this particular problem before the Tariff Board and getting the Tariff Board to place a suitable tariff on imported goods which will supply adequate protection for the indigenous industry. My reason for suggesting the Tariff Board is this: Various people approach various Departments of Government. They say "Stop such and such article from coming into this country because I can make it". The Department of Government may have an expert to consult or not but here you have two definite functions which may militate against one another. You might for instance have the Tariff Board taking one view on the protection of an article and the Government Department concerned taking a totally different view. That to my mind is a wrong situation. If you have a Tariff Board and you trust your Tariff Board, all questions of protection should be considered by that Tariff Board, and I deliberately suggest that this limitation of six months should be used for the purpose of putting this matter before the one authority in this country by whom consideration is proper. I suggest, Sir, to the Honourable the Commerce Member that my amendment will in no way interfere with the purposes that he has explained so carefully to us. If he adopts this amendment moreover he can, I think, do a lot to remove an abuse, an abuse which results from persuasion exercised on Government by a certain firm to the effect that it can manufacture something which it cannot in fact make at all. At least this will put a limit on the period of prohibition. I suggest that this is a most reasonable amendment, and I hope that the Honourable the Commerce Member and the House will accept it.

Mr. Deputy President: Amendment moved:

"That to sub clause (1) of clause 3 of the Bill, the following Proviso be added, namely:

'Provided that the operation of a restriction on imports shall be limited to a period of six months where such restriction is made for no other purpose than the protection of indigenous industry.'

Mr. Manu Subedar: I am very strongly opposed to the amendment which my Honourable friend has moved. This is not a new note coming from that direction. The Associated Chamber of Commerce in Calcutta when they met last December passed a Resolution on this subject and they said that controls should not be used for any purposes except those purposes for which they were intended to be used. I put it to the House when Government take a decision on any of these matters and all these matters are very closely allied, is it possible to say that control has been put in for this purpose alone: Control, as we in the course of discussion found this morning and as the Honourable the Commerce Member clearly explained, controls may have to be exercised for many purposes—for conserving the exchange, for preventing over-stocking of certain types of goods in this country, for restricting the amounts which may be brought in having regard to a long list of priorities and applications, and for health and for international conventions and for many other reasons. I put it to this House that very often the restriction in quantity is required for all these purposes but incidentally one of the considerations is whether the

[Mr. Manu Subedar]

quantity produced in this country in this particular article is adequate. I do not think, Sir, the Honourable the Commerce Member has put it forward nor is it really for his Department to go and encourage industry as such. I do not think he has put it forward that the controls are being used. Nor did my friend Mr. Lawson give this House any relevant illustrations of a case where controls were put forward merely for the purpose of encouraging industry as such. The controls have been exercised as the result in the balance of many considerations of which the effect of the industry on this country is one. Do we want the Government recklessly to permit the import of cheap stuff into this country regardless of the idea that goods are being produced in this country? May I give one illustration? Bicycle manufacture has taken place in this country and developed during the war. How important this little article is in the matter of security and transport when other forms of transport are not available will be readily understood. There are two concerns making bicycles in this country. They are both producing under very difficult conditions as their unit of production is small and some of their materials are very costly. They are at a disadvantage because the foreigner can have bicycles landed at Calcutta, Bombay, Madras, or Karachi for the same price. These people have to send it from the place they produce it to all these centres. For the same transport, the foreigner can land it at any port but there are numerous conveniences including the well-known reputation of foreign well-established brands. Under these circumstances, is it suggested that the import of bicycles into this country should not be regulated and that it should be permitted *ad lib* and to any extent regardless of the idea that these two companies are manufacturing a certain number of bicycles? Sir, the only sensible manner there is that a licence should be given for an article like bicycles for which there is a large unsatisfied demand. Bicycles should be permitted to enter this country in large quantities because the consumer is wanting a large number. But as and when a situation developed in which the foreign bicycle would sell out the Indian bicycle, may be he would under-sell and sell cheaper and for this the case in point is so far as the bicycle itself is concerned, that the United Kingdom price for export was lower than the price for home consumption. This in all economic thought is called dumping, and if therefore any other country chose for his own purposes, for his own reasons, and for his own motives to send down goods to this country to the prejudice of a local producer and a local industry, is it suggested that the Government of this country should sit idle and should not exercise the powers we are giving to them under this law? No, Sir. My friend has been very clear about it. He would exercise these powers but for six months. May I know what would happen if the same conditions prevailed in the seventh month? Let the industry perish! My friends can say that but I challenge and I ask whether anyone in this House can accept a position when for lack of powers or for lack of willingness to exercise those powers *bona fide* production in this country was allowed to go to the wall. My friends on that side do not want manufactures in this country to take place. We had a case when the Posts and Telegraphs Department was being discussed.

Mr. M. A. F. Hirtzel (Bengal: European): It is entirely untrue!

Mr. Manu Subedar: We had the Posts and Telegraphs motion under discussion and my friend on this side said.....

Mr. N. M. Joshi (Nominated Non-Official): Not on this side!

Mr. Manu Subedar: You are allying yourself too often with them! At that time he said it was not 'wise' for India—I noted the words very carefully—to have telephone interchange equipment manufactured in this country as it would be very costly. Here is another case. In this case I have been urging from

my place in this House that as the telephone is a security business, if there was another war we do not want to be without this equipment. We must make this equipment in this country no matter what it costs, and I do not think, as we have succeeded in other industries, why we should not succeed in this industry also for producing it at as cheap a price as elsewhere. This was our outlook but theirs is that India should not manufacture. They bring up the question of cost for the State when it suits them because if India did manufacture then some of the exports which India was accepting from the United Kingdom would fall. This is an outlook in which I say with all desire to be nice to them that our friends must learn that our loyalty is to our country first and that we cannot permit extraneous notions of this kind to be brought to this House under the plea that this is a very mild and very reasonable amendment. And what is behind these people's minds? For all other purposes the powers are given for such period as in Government's discretion is the proper period. But for industry they should not be used. I submit that any decision would depend entirely on the question of industrial protection itself and therefore as most of the decisions would be from mixed motives, most of the decisions would be dictated after an examination of all the numerous points which converted on this problem. I submit that this amendment is.....

Mr. C. P. Lawson: No harm in it!

Mr. Manu Subedar: misleading and I do not like the thought behind this amendment on the part of our friends. Why should not the power to protect industries be used? Let us take it that a decision is taken on this score merely for the protection of industry in this country. What is meant by the protection of this industry? My friend raised the point that if the Tariff Board recommended something! Now the Tariff Board, however wise and clever it might be, in a changing situation in the world, where new situations and new circumstances arise every day, cannot foresee every contingency. I therefore want to arm the Government of the country with powers which they can use without any hesitation and without any lapse of time and without any elaborate enquiry of the kind which my friend wants to interpose before the Government can act. Therefore I say that the thought which motivates this is partly alien and not entirely Indian and that the less such thoughts intrude in this Legislature the better. May I warn my friends that we are more than conscious that their presence in this House is an anomaly in itself.

Mr. C. P. Lawson: Is it in order for the Honourable Member to say all this?

Mr. Manu Subedar: Very well, I will not emphasize that point.

Mr. Deputy President: Will the Honourable Member resume his seat? As far as the Constitution lies, the presence of Mr. Lawson and his party is as under the Constitution. Whether this Constitution will remain or not is another matter. But as long he is in his right in this House, these remarks are not proper

Mr Manu Subedar: I had no intention to question the propriety of their presence in this House under the present Constitution. I was questioning the propriety of the Constitution itself, because in every other country in the world do I find that only those who are citizens of the country are entitled to vote or be members of the legislature. In the white man's country, the Indian is not even given the right of franchise and vote.

Mr. Deputy President: That is a matter of reciprocity. That has nothing to do with the Bill.

Mr. Manu Subedar: I will drop the point. I will only say that the thought which may have actuated my honourable friend in bringing in this is a direct pointer to Government not to use their powers for the protection of industry.

Mr. C. P. Lawson: That is not what I said. Sir, I merely suggested the use of those powers by the normal method, which is through the Tariff Board. I never suggested that industry should not be protected. The Honourable Member is putting words into my mouth which I never used.

Mr. Manu Subedar: I am very glad to hear the explanation but the method of tariff protection involves several months to intervene on an elaborate enquiry which it is not possible in all cases. In any case why should not the Government have the power to restrict either the quantity or the quality of a particular sort of goods which shall enter this country or the manner in which after their entry they shall be dealt with in such a manner so that while the consumers and users of articles buy what they want, those who are producing may not be put to an unequal competition which they cannot meet with the result that they would be thrown to the wall. Government have used this method I think in rare cases. I do not think anybody can say that Government have abused powers in this direction or that they have used it in hundreds of cases or that it has become the normal method of encouraging industry. I say that this power which has been used hitherto in a blameless and very discriminating manner should be given to this Government and should not be sought to be restricted in the manner in which my Honourable friend wishes to restrict. I oppose this amendment.

Dr. Zia Uddin Ahmad: Sir, I am sorry that my friend Mr. Manu Subedar has entirely misunderstood the object of this amendment. I said in the very beginning and I will say again just now that we are all in favour of protection of our industries. That is a point on which there is no difference of opinion, whether it is the European Group, this party or any other party. We all want that our industries should be protected but in what manner it should be protected is the issue. Whether it should be protected by means of protective duties or by the restriction of imports and licences—that is the issue raised by the amendment of Mr. Lawson. If we adopt the second method of restricting imports from outside, my friend when he is in a different mood will say, "Why should it be done: how are the sterling balances to be paid. The sterling balances will only be paid by means of import of commodities and if the import of commodities is restricted the payment of our sterling balances will be restricted." We should not mix the two things up. The question is whether the protection of industries can most effectively be obtained by the protective duties as we have been doing so far. These protective duties, as I said, may be levied in the manner which the Fiscal Commission has recommended, in the absence of any other recommendations by means of the Tariff Board. We have been pressing from this side that there should be one permanent Tariff Board which will examine all these articles and then levy the protective duties. It is not necessary that they should be protected by restricting import altogether. That is really the object.

The other point is that we must make a distinction between import and export. In the case of imports you can stop it by protective duties. In the case of exports the method will be by prohibitive order that such and such a thing should not be exported at all. In case they find enormous differences in prices between India and outside countries, the Government alone should take the responsibility and export the articles. The less we have recourse to the licensing system the better. But we have accepted at the consideration stage that these licences should be retained. That control should be maintained. Accepting this principle, unanimously, because there was no division, the responsibility of maintaining it must rest with the Government. Somebody suggested the Reserve Bank in this connection and it was rightly pointed out that the Reserve Bank is not the proper authority. One difficulty which my Honourable friend Mr. Gole has forgotten is that we cannot criticise the action of the

Reserve Bank in this House but we can criticise the action of the Government. We cannot put the responsibility on an alien authority whom we cannot criticise on the floor of this House. Once you accept the principle of the Bill, put the entire responsibility on the Government to exercise it in a way they think best. I think it is very desirable that we should consider this fact, that if the Tariff Board has been established and if the system of protective duties is fully organised, it may be considered whether we must have these protective duties and not restrictions, because that will raise the price of the article controlled.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I had no desire to take part in the debate but for the remarks which have just been made by my Honourable friend Mr. Subedar. His anxiety to industrialise this country is so strong that on every occasion this is common plea made by him for obstructing every sort of legislation in this country. I cannot imagine why he thinks that legislation should always be done at the cost of the 400 million consumers of this country and also at the cost of the producers by restricting the raw materials export and also by restricting the consumers goods imports. Mr. Lawson's amendment is just an innocent one. The Government is given definite powers to see whether it does interfere with the general economic condition of India.

Mr. Manu Subedar referred to the production of cycles by two industrialists in India but he abstained from saying to the House the difference in the price which the consumer has to pay here and the consumer will have to pay in the event of imported cycles from abroad. There should only be a reasonable limit for such sacrifices by the 400 million people of this country. If our industrialists cannot produce consumers goods at world parity prices in the beginning, they can certainly be given protection for a certain time through tariff rates as my Honourable friend Dr. Zia Uddin Ahmad pointed out but they cannot be protected for all times at the cost of the consumer. I would only say that they should not exist always through a contribution by 400 million people of this country in one form or other. For certain industries the raw materials export from India are being restricted. For instance, take the question of raw hides and skins. Hides export is restricted so that the tanning industry of this country may develop. Although for a certain quality of raw hide Turkey and other continental countries can pay Rs. 32 per 20 lbs. yet export has to be restricted so that Indian tanners may buy at Rs. 16 or nearly half the rate. Export has been restricted to an extent that the industry is unable to consume even at low rates the entire production; in the name of industrialization this should not have been done. This is something which should have a limit of time and should not be allowed to go on for an unlimited period and that the craze for industrialisation should not be made a plea at every occasion. Whenever we talk of any taxation in the Finance Bill the same plea is put forward "that industries will suffer, they will perish and will go away." Some members always say that industries will not develop in this country unless you put this restriction and that restriction. The most salient fact is not brought out before the House: that is of what advantage it is to the general populace and to what portion of the inhabitants would take advantage of such a industrialisation? It may be that the *per capita* wealth on calculation may increase on paper but the comforts of the populace may shrink. Suppose in this country in a particular province, if there are ten industries whose 200 or 2,000 shares had built up a reserve or a capital of thousands of crores, the *per capita* wealth of that province might increase from Rs. 8 to Rs. 80 or even more. But our members forget that outside that 2,000 persons who are sharers, all will remain as miserable as they were before, although the contribution is being made by whole populace in that area at sacrifice for allowing the industry to exist. All those profits and reserve of 10 crores or 100 crores is built up at the sacrifice

[Mr. Muhammad Nauman]

of millions of people in that area all of whom had to make equal contribution and sacrifice for this industrialization. We forget that we have to tell our industries that they have got to meet the world production position and the world competition on the parity of prices. They have got to show the same amount of intelligence as the other industrialists in the world have shown in competing on production. And for that we are prepared to give them the same amount of facility as any other country in the world has given to develop its own industry. We cannot allow ourselves to have an industrialisation in this country at the cost of consumers and producers for all times to come. I would certainly ask my honourable friend Mr. Manu Subedar what kind of economics he wants to introduce into this country. If a few thousand people, or for the matter of that even a million of Indians can take advantage of industrialization, what about the rest of population? The miseries of the common man is not reduced at all if only a few thousand of men get engaged in industry. The Bombay plan envisaged that the zamindari system should be abolished. They thought the only proper method was to allow the capitalist to exist as industrialist, and all the other form of capitalism and acquisition of wealth should be sacrificed to the industrialist interests because they said "if you want to develop the sugar industry you want possession of land and hence abolish zamindari." What I want to impress on the House is this. I definitely agree with the amendment proposed by my friend Mr. Lawson. To attribute motives is something which I would not have expected from Mr. Manu Subedar. I think the Government ought to consider it seriously and accept it as it still remains within their powers to do what they like, but in taking decision they will have to look into the whole financial situation, as no restriction should be placed for the sake of industry only. With these few words I support the amendment.

Sir Cowasjee Jehangir (Nominated Non-Official): I think¹ we have gone rather off the track. We are not discussing tariffs or the benefit of tariffs to a country or the handicaps of tariffs. That is a very big subject which has been discussed on the floor of this House on many occasions. This is no occasion to discuss the advantages or the disadvantages of tariff protection. What we are discussing here just now is whether by the control of imports it is intended by Government to protect any particular class of manufacture in this country. Well, Sir, I am certainly a protectionist. I am for protecting our industries and the object of protecting our industries is so well known that I need not go further into that question. But whether protecting a particular industry is for the benefit of the country or not can only be decided by the Tariff Board. The point now is: does Government intend to protect any big or small industry by the instrumentality of this Act that will be passed? I do not think that is the position. I never heard up till now that Government would protect any industry by stopping the imports of any article. If the country wanted an article, if the country was starving for the article and if the Government stopped the import of that article arbitrarily under the sections of this Bill there would be an outcry in the country and people would immediately say 'we want this article, we do not get it, we are starving.' I do not think that is the object of this Bill at all. I do not think it was ever intended that it should be so used or has been so used or will be so used. I think the Honourable Member will confirm what I say. Certainly, if an article floods this country and importers suddenly bring into this country in large quantities an article which the country does not want, it is the duty of the Government to stop further imports. If exchange or currency is affected by imports it is the duty of Government to stop the imports. But as long as the country wants a particular article to be imported into the country for its own use this Act should not be used for preventing such articles being imported. If there is a question of protection, real question of protection, the Tariff Board is here to decide and Government will I am sure

follow the advice of the Tariff Board. But the point of principle raised by Mr. Lawson is: does Government intend to use this Act for the protection of industries? I do not think it was so intended, or that it will be so used in the future. Then there will be an outcry in the country. It will mean the stopping of the import of an article without proper investigation by the Tariff Board. Government should stop an article being imported into this country only if there is a flood of such an article in the country or if the exchange problem is such that it is against the interests of the country that the article should be imported into the country. Also on certain rare occasions if the import of an article for the time being hinders the interests of this country in any way Government should have the power in these dangerous times which are war times still of preventing the import of that article. I think the apprehension expressed by my friend Mr. Lawson may not be so well-founded as he imagines. There may have been a case or two where the import of an article may have been stopped under a wrong impression. But if the position is cleared by the Honourable Member as to the use of this Act in the future as it has been cleared in the past I do not think there should be any further controversy on this matter.

Mr. M. A. F. Hirtzel: Sir, I would not have risen to speak at this stage but for the outburst from my honourable friend Mr. Manu Subedar who expressed himself as wishing to be very nice to us, but I think it was an extraordinary way of being nice. Well, Sir, I was very glad to hear the remarks made by the previous speaker who thought it was not the Government's intention to utilise the powers in this Bill for the purpose of protection. I would say if that is so then the amendment which has been moved by my friend Mr. Lawson is an amendment to which the House cannot possibly have any objection at all. In the second place, Sir Cowasjee Jehangir pointed out that the powers which are sought under this Bill are powers which are to last for three years. I do not myself profess to be a prophet but I think it is possible that during the period of three years there might be many changes. There again, therefore, I suggest that if the situation which the amendment contemplates is not thought likely to arise, there is no possible argument against incorporating this amendment in the Bill. Well, Sir, to pass on to some of the remarks which fell from my friend Mr. Manu Subedar. Like some other members of the House, he seems not to have listened to the speech which Mr. Lawson made in moving his amendment. Mr. Lawson made it abundantly clear that

5 P. M. we in no sense question the right of this country to protect its own industries.

Mr. Deputy President: I think the Honourable Member would like to continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 19th March, 1947.