

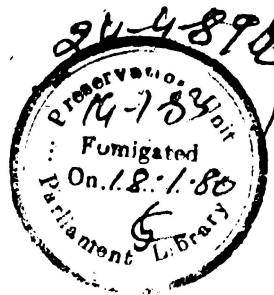
23rd March 1944

THE
LEGISLATIVE ASSEMBLY DEBATES
Official Report

Volume II, 1944

(29th February to 27th March, 1944)

TWENTIETH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY
1944



LEGISLATIVE ASSEMBLY

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LEGISLATIVE ASSEMBLY.

Thursday, 23rd March, 1944.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

MEMBER SWORN:

Sir Olaf Kirkpatrick Caroe, K.C.I.E., M.L.A. (Secretary, External Affairs Department).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWER.

EXCISE DUTY ON TOBACCO.

601. *Mr. Akhil Chandra Datta: Will the Honourable the Finance Member be pleased to state:

(a) the total amount of excise duty levied and collected under the Tobacco (Excise Duty) Act, 1943, up to the 31st January, 1943;

(b) the Government's estimate of the yield of the tobacco excise duty for 1944-45;

(c) the total amount of excise duty actually collected on the stock of cured tobacco and on the stock of all tobacco products found in British India on the 1st of April, 1943;

(d) the rate or rates at which the said stocks have been levied; and

(e) whether that portion of the said stocks which consisted of stalks, stems and other refuse of tobacco has been assessed at the rate of one anna, or whether the entire stock has been assessed at the rate of six annas per pound?

May I point out, Sir, that in part (a) of this question, the date given is an obvious clerical error. It could not have been 31st January, 1943, when the duty was not imposed at all. It ought to be 31st January, 1944.

The Honourable Sir Jeremy Raisman: I prepared my reply on the assumption that what was meant was the 31st January, 1944.

(a) Rs. 6,70,23,000;

(b) Rs. 20-50 crores;

(c) The greater part of such stocks of cured tobacco was stored in bonded warehouses and removals for consumption have taken place gradually through the year, side by side with clearances of newly cured tobacco; and some portion of those stocks is still in warehouses. It is impossible therefore to state the duty actually collected on such stocks. No duty was collected on the stocks of manufactured tobacco products held on the 1st April as these goods were not liable to duty;

(d) The rates prescribed under the Tobacco (Excise Duty) Act;

(e) Stalks and stems which had been separated from the leaf at the time of assessment and could be separately weighed were assessed at the rate of one anna per pound; those which were still attached to the leaf, and stalk, stem and other refuse of tobacco, which were mixed with other forms of cured tobacco, and could not, therefore, be separately weighed, were assessed at the rates of duty appropriate to the tobacco to which they were attached or with which they were mixed.

EXCISE DUTY ON TOBACCO.

602. *Mr. Akhil Chandra Datta: (a) Will the Honourable the Finance Member please state if it is a fact that *khakri*, *khuntan* and *galia* which are really refuse of tobacco are charged at the highest rates of the scheduled excise duty?

(b) Are stalks, stems and other refuse of tobacco which are invariably mixed with *biris* and snuff charged at a lower rate than the bulk of the higher quality of tobacco? If so, what is the exact procedure followed for ascertaining the respective quantities of refuse and the dust of the *biri* and snuff?

(c) What has been the effect of the excise duty on tobacco on retail prices, comparing the prices as in February, 1943 and January, 1944?

(d) Are Government aware that *biri* and snuff tobacco contains invariably an admixture of stem, stalk and other refuse of tobacco?

(e) Is it not a fact that usually 25 per cent. of the *biri* and snuff tobacco consists of stalk, stem and other refuse tobacco?

(f) If the reply to (e) is in the affirmative, has the tax been levied up to now on this basis of the proportion? If not, do Government propose (i) to refund the amount that has been assessed on the stalk, stems and refuse portions, and (ii) to take steps in future to prevent taxing of stalks, stems and refuse tobacco at a rate higher than one anna?

The Honourable Sir Jeremy Raisman: (a) Tobacco described as *khakri* or *khuntan* is not refuse of tobacco, but is tobacco of the *ratoon*, or second, crop. The term *galia* or *gadia* is reported to be applied in Western India to an irrigated crop grown in a particular taluka and in Eastern India to an inferior quality of flue-cured virginia tobacco. Such tobaccos are assessed at the rates of duty appropriate to their intended use.

(b) The attention of the Honourable Member is invited to my reply to part (e) of his starred question No. 601.

(c) The effect which the excise duty has had on retail prices of tobacco products varies with the nature of the product and the weight of cured tobacco contained in it. Thus, if the goods are *biris* and the weight of the tobacco content is two-thirds of a pound, the increase in price attributable to excise duty is four annas; if they are *hookah* tobacco and the tobacco content amounts to 50 per cent. the increase of price due to the excise is half an anna.

(d) and (e). It is not the case that *biri* and snuff tobacco invariably contain an admixture of stalk, stem and other refuse of tobacco. Stems, when properly treated, can be used in the manufacture of a number of tobacco products; and manufacturers who are not particular about the reputation of their products, or who make inferior grades, may, in order to reduce their costs, include a certain quantity of low grade tobacco. The proportion of inferior tobacco so added varies from one manufacturer to another.

(f) As indicated in my reply to part (e) of the previous question, stalks, stems and other refuse of tobacco are assessed as such when they are exhibited separately at the time of assessment.

Mr. Akhil Chandra Datta: As regards chewing tobacco, is it a fact that at Bombay chewing tobacco is taxed at the higher rate because in the absence of any evidence as to whether it is to be used in *biris* or snuff or whether it is to be used as chewing tobacco, they are taxed at the same rate?

The Honourable Sir Jeremy Raisman: Sir, the usual principle of taxation is that when an article can be used for either of two purposes, until it is clear which purpose it is going to be used for, it is liable for duty at the higher rate. This tobacco is capable of being used for *biris* and until it is clear that it is intended to be used only as chewing tobacco and not for *biris*, it must be liable to the higher rate.

Mr. Akhil Chandra Datta: Is it a fact that when the chewing tobacco is intended for people who deal exclusively in chewing tobacco, even that tobacco is always taxed at the higher rate, and is it a fact that Bombay merchants have been paying the higher rate under protest and making representations for relief?

The Honourable Sir Jeremy Raisman: My information is that certainly the first statement is not correct. As regards the second I should require some notice.

Dr. P. N. Banerjee: With regard to the statement made by the Honourable the Finance Member that it is the principle to tax at the higher rate, where is this principle laid down? Will he tell me his authority for saying that?

The Honourable Sir Jeremy Raisman: I said it is a regular fiscal practice. For instance, in the case of customs. . . .

Dr. P. N. Banerjee: That may be so, but it is not a principle.

The Honourable Sir Jeremy Raisman: It is a practice. Obviously if you do not levy the higher rate then you are opening the door wide to evasion.

Mr. Akhil Chandra Datta: Why not give the benefit of doubt to the merchants instead of to Government.

The Honourable Sir Jeremy Raisman: Because it would be quite impracticable to administer the law.

SPECIAL ALLOWANCE TO BRITISH JUNIOR MARRIED OFFICERS IN INDIA.

603. *Mr. K. S. Gupta: (a) Will the War Secretary please state if it is a fact that the Government of India sent proposals to His Majesty's Government for the grant of special allowance to British junior married officers in India? If so, does he propose to place the whole correspondence on the table of the House? If not, why not?

(b) What necessitated the Government of India to make such proposals?

(c) How many of such British junior married officers are in India at present?

(d) What is meant by junior? What is the maximum period of service for a British officer to become senior?

(e) How many of them are New Zealanders, Africans, Australians, Canadians, Scotch and English?

Mr. O. M. Trivedi: (a) and (b). Yes, Sir. I would draw the attention of the Honourable Member to the answer given on the 17th of March to the short notice question asked by Mr. T. S. Avinashilingam Chettiar. The correspondence on the subject is confidential and I regret I am unable to place it on the table.

(c) and (e). I am unable to give the information asked for by the Honourable Member, as no decision has been reached.

(d) The term "junior" means below the rank of Major. Provided his service is satisfactory, the maximum time for a regular officer to become a Major would be 17 years, and I may state that in actual practice at the present moment, the period is much shorter.

Mr. Lalchand Navalrai: May I know from the Honourable Member whether the Government intends to make such a proposal. If no proposal has yet been made, may I know if such a proposal is intended to be made?

Mr. O. M. Trivedi: I would refer the Honourable Member to the reply given by me on the 17th March to the short notice question by Mr. Avinashilingam Chettiar, which answers the Honourable Member's point.

Mr. Lalchand Navalrai: May I know, 'yes' or 'no', whether a proposal has been made?

Mr. O. M. Trivedi: It was stated in reply to the short notice question by Mr. Avinashilingam Chettiar that the Government of India has made certain proposals.

Mr. Lalchand Navalrai: May I know from the Honourable Member whether any proposals are being made or that the Government is going to grant the same allowances to Indian officers?

Mr. O. M. Trivedi: The question of the Indian officers is not on the same footing as the question of the British Service officers.

Mr. Lalchand Navalrai: What is the difference? They are both married.

Mr. O. M. Trivedi: The difference is that the British Service officer's emoluments in India are based on the rates he receives in the United Kingdom. In the United Kingdom, as I explained in answer to the short notice question by Mr. Avinashilingam Chettiar, certain allowances are exempt from income-tax, whereas in India that is not the case. Again certain allowances paid to British officers in England are paid in kind and there is no income-tax on those allowances. As a result of the incidence of income-tax in India, the British Service officer in India actually receives less and in some cases not appreciably more than he would receive in the United Kingdom, and it is an accepted principle that a British service officer serving overseas should receive more pay than he receives when serving in the United Kingdom.

Mr. Lalchand Navalrai: Does the Honourable Member know that the conditions as regards living have increased. Will the Honourable Member consider that question?

Mr. C. M. Trivedi: These proposals are not based on the increased cost of living.

Sardar Mangal Singh: May I know whether the proposal is to increase the marriage allowance or grant a new marriage allowance?

Mr. C. M. Trivedi: No decision has been reached yet.

Sardar Mangal Singh: But what is the proposal?

Mr. C. M. Trivedi: The proposal is to give a very small allowance to junior married British service officers with children.

Sardar Mangal Singh: May I know whether the Defence Consultative Committee was consulted?

Mr. C. M. Trivedi: No, Sir.

Sardar Mangal Singh: That is good.

**POSITION OF PERSONS WORKING TEMPORARILY IN POSTS CREATED BEFORE WAR
vis-a-vis WAR SERVICE MEN.**

604. *Qazi Muhammad Ahmad Kazmi: (a) Will the Honourable the Home Member please state if it is a fact that the Government have decided that, during the course of the war, posts that were created even before the war as temporary ones, but the existence of which has been found to be necessary throughout, will not be made permanent during the course of the war?

(b) Is it a fact that when the question of making these posts permanent will be taken up by the Government, 70 per cent. of these posts will be filled up by the candidates who return from war service and 30 per cent. by the candidates who will qualify for these posts under Departmental examinations?

(c) Is it a fact that for the candidates who return from the war service there is to be no age limit; if so, what will be the age limit?

(d) Is it a fact that Government contemplate making room for the new entrants by terminating the services of these temporary clerks who have continuously and efficiently worked in the department for a large number of years?

(e) Have Government considered the advisability of at least giving these discharged efficient clerks a chance to sit in examination with new hands, by exempting them from the age limit?

The Honourable Sir Reginald Maxwell: (a) The policy of Government is, as stated by the Honourable Member, that no posts should ordinarily be sanctioned on a permanent basis during the war.

(b) No orders have been issued on this point. The orders regarding reservation of vacancies for war service candidates apply to vacancies in permanent posts.

(c) No. The present intention is that only those candidates whose age at the time of their undertaking war service is within the prescribed limits for a particular service should be considered for permanent appointment in vacancies in that service reserved for such candidates.

(d) and (e). Do not arise in view of the reply given to part (b).

Qazi Muhammad Ahmad Kazmi: May I know, as far as part (c) is concerned that they will be considered to have entered within the age limit if they have entered war service in time?

The Honourable Sir Reginald Maxwell: Perhaps the Honourable Member did not follow my answer. I stated that the intention is that only those candidates whose age at the time when they entered war service was such as they would have been eligible for appointment in one of those posts should be considered for permanent appointments reserved for war service candidates.

Qazi Muhammad Ahmad Kazmi: May I know further whether there was any notification or a circular of the Posts & Telegraphs Department reserving 70 per cent. of the seats for persons who will return from war service. . . .

The Honourable Sir Reginald Maxwell: A *communiqué* has been issued by the Government of India. It does not apply to the Posts & Telegraphs Department only. I would draw the Honourable Member's attention to the

press *communiqué* issued by the Home Department on the 7th September 1943.

Qazi Muhammad Ahmad Kazmi: Does it make reservation of 70 per cent. for war service candidates?

The Honourable Sir Reginald Maxwell: The substance of the *communiqué* was to announce that it was decided in modification of the orders announced previously that 70 per cent. of the vacancies in all services under the administrative control of the Central Government, not filled on a permanent basis during the war should be reserved for candidates with war service, whereas the remaining 30 per cent. should be filled after the war from among candidates who held them temporarily during the war.

Qazi Muhammad Ahmad Kazmi: So far as my question to parts (d) and (e) are concerned, when the Government is going to take 70 per cent. will they not give a chance to the persons who are holding the posts temporarily to compete with the persons with war service and consider their age limit from the time when they actually entered service?

The Honourable Sir Reginald Maxwell: The Honourable Member's question related only to posts which were created even before the war and were still temporary then and remained temporary; whereas the orders of the Government of India relate only to vacancies in permanently sanctioned posts.

INSURANCE COMPANIES APPLYING FOR RAISING OF SHARE CAPITAL.

†605. ***Mr. Kailash Bihari Lal:** (a) Will the Honourable the Finance Member be pleased to say how many Insurance Companies have applied for sanction to raise the share capital since the new Insurance Act came into force? What is their number, province-wise?

(b) Did any Insurance Company apply from Bihar for sanction to raise the share capital?

The Honourable Sir Jeremy Raisman: The records of the Examiner of Capital Issues are not maintained on a regional basis and I regret that the information asked for could not be supplied without an undue expenditure of time and labour.

INSECURITY IN CERTAIN TRAINS ON NORTH WESTERN RAILWAY.

†606. ***Sardar Sant Singh:** (a) Will the Honourable the Home Member please state if Government have been informed of the conditions of insecurity that prevail in some trains of the North Western Railway near about Kundian Railway Station?

(b) Is he aware that bands of desperate characters consisting of 25 or 30 persons whose ring-leaders are Amir Abdulla Khan Pathan of village Mochh, Mianwali District, Rabnawaz Khan Pathan of Mianwali, Ghulam Mohammad Darkhar of village Piplan, Mianwali District, get into trains without tickets, armed with fatal weapons, and rob and assault the Railway passengers where the Railway Police and Railway staff are helpless?

(c) Is the Honourable Member aware that several cases of assault and looting have taken place during the last three months? Does the Honourable Member propose to take effective steps immediately to restore law and order in the trains?

The Honourable Sir Reginald Maxwell: (a) No.

(b) No.

(c) A few minor cases of assault have been registered. The Provincial authorities will doubtless take whatever action is necessary.

UNSTARRED QUESTIONS AND ANSWERS.

M. G. O. BRANCH CLERKS SERVING UNDER CHIEF ADMINISTRATIVE OFFICERS, WAR DEPARTMENT.

157. **Sardar Sant Singh:** (a) Will the War Secretary kindly state whether it is a fact that M. G. O. Branch Clerks serving in the office of the Chief Administrative Officer, War Department, have not been permanently removed from the M. G. O. Branch roll?

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

(b) If so, why are the M. G. O. Branch clerks of the office of the Chief Administrative Officer being allowed to supersede their seniors on the M. G. O. roll in the matter of promotion to gazetted posts in the office of the Chief Administrative Officer?

(c) Is it a fact that many cases of supersession have so far taken place on the M. G. O. roll in respect of promotion to gazetted posts in the M. G. O. Branch? If so, what are the reasons therefor?

Mr. C. M. Trivedi: (a) The facts are as stated by the Honourable Member.

(b) There has been no supersession as promotions to gazetted appointments are made by selection. Also, any temporary promotion an individual may receive whilst on deputation does not entail the supersession of individuals in his parent office.

(c) The answer to the first part is in the negative. The latter part does not, therefore, arise.

CIVILIAN GAZETTED OFFICERS IN DEFENCE FORCES.

158. Bhai Parma Nand: Will the War Secretary kindly state the number of posts of Civilian Gazetted Officers together with the scales of pay of the various groups that have so far been sanctioned for the Air, Naval and Land Forces (Headquarters and elsewhere), and how the same have been filled up, community-wise, out of the Hindus, Muslims, Anglo-Indians, Indian Christians, Sikhs, etc., in the following tabular form:

Posts.	No. of Hindus.	Muslims.	Anglo-Indians.	Indian Christians.	Sikhs.	Others.
<i>Air.</i>						
Rs. 900—1,150						
Rs. 400—600.						
Rs. 200—400.						
<i>Naval.</i>						
Rs. 900—1,150.						
Rs. 400—600.						
Rs. 200—400.						
<i>Land Forces.</i>						
(including Ordnance Factories and Depots).						
Rs. 900—1,150.						
Rs. 400—600.						
Rs. 200—400.						

Mr. C. M. Trivedi: On the assumption that the Honourable Member refers to the Civilian Gazetted Officers recently recruited in the Master General of the Ordnance Services, the grades of pay and the number of posts community-wise, are given in the statement laid on the table.

Statement.

Rates of pay	Designation	Hindus	Muslims	Anglo-Indians	Indian Christians	Sikhs	Others	Total
Rs. 200 (fixed)	Assistant Group Officer (under training)	238	74	4	12	23	4	355
Rs. 340-20-500	Assistant Group Officer (On appt.)	185	37	2	5	16	4	249
Rs. 350-25-550 (E.B.)-30-700	Assistant Inspectors Grade II	24	2	1	1	2	1	31

DETENUS IN INDIA.

159. Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Home Member please state:

- (a) the number of detenus in India now;
- (b) the number of detenus released in the course of this year; and
- (c) whether any restrictions have been imposed on any of them; if so, of what sorts, and on how many?

The Honourable Sir Reginald Maxwell: (a) There were 7,384 persons in detention on February 1st, 1944, the latest date for which figures are available.

(b) 293 such persons were released during January, 1944.

(c) I have no information with regard to persons released from detention by Provincial Governments. So far as the Central Government or Chief Commissioners are concerned, the only case is that of a man released in Ajmer-Merwara, who has been externed from the Province and prohibited from returning without the permission of the Superintendent of Police, Ajmer-Merwara or an officer authorised by him in this behalf.

REVIEW OF CASES OF DETENUS.

160. Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Home Member please state:

(a) whether judges have been appointed in all the Provinces to review the cases of detenus;

(b) whether the judges have made their recommendations; and if so, how many they have recommended to release;

(c) whether the cases of internees under the Defence of India Act are liable to be reviewed under the ordinance; and

(d) whether the recommendation of the judges are final, or whether the Governments concerned can yet use their discretion over the recommendations?

The Honourable Sir Reginald Maxwell: (a) No.

(b) I have no information.

(c) The provisions of Sections 7 to 9 of the Ordinance apply only to orders of detention made, or deemed to have been made, under Section 3 (1) (b).

(d) The decision whether a security prisoner shall be released or remain in detention rests in all cases with the Government concerned.

STERLING AT INDIA'S CREDIT.

161. Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Finance Member please state:

(a) the amount of sterling accumulated in India's credit up-to-date from the beginning of the war;

(b) how much has been spent up-to-date in liquidating the sterling debts and purchase of Railway lines; and

(c) the amount to the credit of India up-to-date?

The Honourable Sir Jeremy Ralsman: I place on the table a statement showing the position at the end of February 1944.

Statement.

	Crores of Rs.
(1) Sterling assets held by the Reserve Bank of India August 1939	64
(2) Sterling purchased by the Reserve Bank September 1939 to February 1944	503
(3) Sterling payments by His Majesty's Government in respect of recoverable war expenditure	881
(4) Sterling expended in debt repatriation, purchase of Railways, etc.	440
(5) Other sterling expenditure	109
(6) Sterling holdings of the Reserve Bank at the end of February 1944	899

GOLD SOLD IN INDIA BY BRITISH AND AMERICAN GOVERNMENTS.

162. Mr. T. S. Avinashlingam Chettiar: Will the Honourable the Finance Member please state:

(a) the extent of gold sold in India by His Majesty's Government and the Government of the United States of America in India;

(b) what the purchasing price and the selling price of gold have been and the percentage that the profits work to cost price; and

(c) the profits that each of the Governments have approximately made in those sales?

The Honourable Sir Jeremy Ralsman: (a), (b) and (c). The Honourable Member's attention is drawn to the replies I gave to Mr. Neogy's unstarred question No. 47 on the 17th February 1944 and to the remarks I made on the subject in the course of my reply to the general discussion on the Budget.

CLASSIFICATION OF ACCREDITED PRESS CORRESPONDENTS WITH THE GOVERNMENT OF INDIA.

163. Mr. Muhammad Azhar Ali: Will the Honourable Member for Information and Broadcasting please state:

(a) if it is a fact that the Accredited Press Correspondents with the Government of India are grouped into two classes; and

(b) whether it is proposed to lay a list showing them grouped into two classes?

The Honourable Sir Sultan Ahmed: (a) Yes.

(b) The list is given below:

Correspondents who are accorded Category (A) privileges.

Mr. S. N. Bhatnagar, Mr. Durga Das, Mr. A. S. Iyengar, Mr. G. V. Krupanidhi, Mr. A. N. Kumar, Mr. B. Shiva Rao, Mr. M. Roy, Mr. J. N. Sahni, Mr. S. A. Sastri, Sir Ushanath Sen, Mr. K. C. Sen Gupta, Mr. P. D. Sharma, Mr. Sri Krishna, Mr. Hila Ahmed Zubairi, Mr. Z. A. Suleri, Mr. Dharampal Gupta, Mr. P. N. Bajpai, Mr. J. K. Cowley, Mr. Mohd. Umar, Dr. P. S. Lokanathan, Mr. D. G. Kulkarni, Dr. Lanka Sundaram, Mr. C. L. Suri, Mr. J. N. Shukla, Mr. Dharam Yash Dev and Mr. Syed Mohammad*.

Correspondents who are accorded Category (B) privileges.

Mr. S. N. Chopra, Mr. Mohammad Jafri, Mr. R. Madhavan Nair, Mr. Harishchandra, Mr. A. C. Khosla, Mr. Indra Prakash, Mr. Somina Venkiah, and Mr. C. C. Joseph*.

*Provisionally accredited.

The list is subject to alterations, at a periodical review, in the light of any change in the professional status and assignment of the accredited correspondents.

PRESS CORRESPONDENT ADVISORY COMMITTEE.

164. Mr. Muhammad Azhar Ali: Will the Honourable Member for Information and Broadcasting please state:

(a) the Constitution of the Press Correspondent Advisory Committee;

(b) the names of its members;

(c) how they are appointed on the Committee, i.e., by selection, by nomination or by election; and

(d) whether any Sub-Committee is formed under it; if so, who its members are and what its function is?

The Honourable Sir Sultan Ahmed: (a) Constitution of the Presses Correspondents' Advisory Committee:

The Honourable the Information Member—*Chairman*.

Members:

Three representatives of the Press Association.

Three Foreign Press Correspondents.

Seven Accredited Press Correspondents.

Secretary, Information and Broadcasting Department.

Joint Secretary, Information and Broadcasting Department.

Principal Information Officer.

Chief Press Adviser.

(Under Secretary, Information and Broadcasting Department, acts as Secretary of the Committee.)

(b) Mr. G. S. Bozman, Mr. P. N. Thapar, Mr. Durga Das, Mr. P. D. Sharma, Mr. A. S. Iyengar, Mr. J. Ho. buru, Mr. P. Grover, Mr. Martin, Herlihy, Sir Ushanath Sen, Mr. B. Shiva Rao, Mr. Mohd. Jafri, Mr. P. N. Bajpai, Mr. Z. A. Suleri, Mr. A. N. Kumar, Mr. Sri Krishna, Mr. J. Natarajan, Mr. B. J. Kirchner.

(c) The Press Association were asked to send three representatives. The rest were nominated by Honourable Member, Information and Broadcasting Department.

(d) Yes. Following are the names of the members:

Mr. P. N. Thapar, I.C.S.—*Chairman*.

Mr. A. S. Iyengar

Sir Ushanath Sen

Mr. Sri Krishna

Mr. Z. A. Suleri

Mr. J. Natarajan

Mr. B. J. Kirchner

} *Members.*

(Under Secretary, Information and Broadcasting Department, acts as Secretary of the Sub-Committee.)

The Sub-Committee decided applications from newspaper or news agency representative for accreditation to the Government of India.

CLASSIFICATION OF ACCREDITED PRESS CORRESPONDENTS WITH THE GOVERNMENT OF INDIA.

165. Mr. Muhammad Azhar Ali: Will the Honourable Member for Information and Broadcasting please state:

(a) the number of protests received against the classification of Accredited Press Correspondents at Headquarters; and

(b) whether the Editors of Newspapers and News agencies were consulted before their representatives at the Headquarters were classified?

The Honourable Sir Sultan Ahmed: (a) 3.

(b) No, this was not considered necessary.

RULES RE CONDITIONS OF SERVICE OF NON-GAZETTED RAILWAY SERVANTS.

166. Mr. Muhammad Azhar Ali: Will the Honourable the Home Member please refer to the reply given to unstarred question No. 60, asked on the 23rd February, 1944, regarding rules made under clause (a) of Sub-Section (2) of Section 241 of the Government of India Act, 1935, and state:

(a) the date and the number of the resolutions of the Central Government adopting the rules regulating the conditions of service of Non-Gazetted Railway Servants as found in the publication called the State Railway Establishment Code; and

(b) the dates of the Gazette of India in which those rules are given publicity as is the case in other rules?

The Honourable Sir Reginald Maxwell: The question should have been addressed to the Honourable Member for Railways.

NON-PAYMENT OF RANK-PAY TO CERTAIN PERSONNEL AT TRANSPORTATION TRAINING CENTRE, JULLUNDUR CANTONMENT.

167 Mr. Muhammad Azhar Ali: Will the War Secretary please state:

(a) if it is a fact that great discontent is prevailing amongst the personnel of No. 1, Company Headquarters, Depot Battalion of No. 2 Transportation Training Centre, Jullundur Cantonment, for non-payment of pay of the ranks in which they are enrolled; if not, what the correct fact is; and

(b) whether Government now propose to pay the personnel of that Depot Battalion the pay of the rank in which they are enrolled; if not, why not?

Mr. C. M. Trivedi: I am collecting the information and will lay it on the table in due course.

PERSONNEL OF THE SPECIAL POLICE ESTABLISHMENT.

168. Mr. Muhammad Azhar Ali: Will the War Secretary please state:

(a) the strength, in each category, community-wise, of the personnel of the Special Police Establishment (Ordinance No. 22 of 1948);

(b) the name of the station which has been formed into Headquarters of those personnel;

(c) the number of cases made over to them for investigations in each year since their establishment; and

(d) the result of their investigations?

Mr. C. M. Trivedi: (a) to (d). A statement is laid on the table.

(a) *Strength of personnel by categories and communities.*

Post	Hindus	Muslims	Sikhs	Christians	Total
1. Deputy Inspector General of Police	..	1	..	..	1
2. Legal Advisers	2	..	..	..	2
3. Superintendents of Police	1	1	..	..	2
4. Deputy Superintendents of Police	2	3	1	1	7
5. Inspectors of Police	13	7	1	1	22
6. Sub-Inspectors of Police	5	7	1	1	13
7. Head Constables	15	10	2	1	28
8. Foot Constables	40	34	2	1	77
Total	78	63	7	4	152

(b) Names of Stations where the Special Police Establishment have Headquarters.

Lahore (Head Office); Delhi; Rawalpindi; Peshawar; Calcutta; Bombay; Madras; Bangalore; Quetta; Karachi and Jubbulpore.

(c) and (d) Number of cases investigated, with results.

Period.	Total No. of cases.	Under investigation.	Dropped.	Reported for departmental action.	Pending trial in courts.	Acquitted.	Convicted.
1	2	3	4	5	6	7	8
From the inception of the Department in July 1941 to 31st December 1942	174	2	21	34	23	22	72
From 1st January 1943 to 31st December 1943	255	54	11	42	85	12	51
From 1st January 1944 to date	37	37	..	..	..	..	..
Total	466	93	32	76	108	34	123

CASES INVESTIGATED BY SPECIAL POLICE ESTABLISHMENT.

169. **Mr. Muhammad Azhar Ali:** Will the War Secretary please lay on the table of this House a list of cases under Ordinance No. 29 of 1943 as amended from time to time, which the Special Police Establishment initiated itself (i.e., not being made over by the Central Government in accordance with the provision of Ordinance No. 22 of 1943), and the result of their investigation?

Mr. C. M. Trivedi: As regards the first part of the question, all the cases enumerated in the First Schedule to the Criminal Law Amendment Ordinance, 1943 (Ordinance XXIX of 1943) as amended and added to by the Criminal Law Amendment (Second Amending) Ordinance, 1943 (Ordinance XL of 1943) and the Criminal Law Amendment (Amending Ordinance), 1944 (Ordinance VI of 1944), were initiated by the Special Police Establishment (War Department), with the exception of cases Nos. 14 and 36 in Part I and case No. 42 in Part II of the First Schedule.

As regards the latter part, the Special Police were able to collect sufficient evidence to establish a *prima facie* case against the accused in every case referred to above. There are some cases in which the investigations by the Special Police did not furnish adequate material for prosecution, but it is presumed that the

Honourable Member has not these cases in mind. It is further presumed that the Honourable Member is not asking for information regarding the result of the trial of the cases by the Special Tribunals.

TOURS CONDUCTED BY PUBLIC RELATIONS DIRECTORATE.

170. Mr. Muhammad Azhar Ali: Will the War Secretary please state :

- (a) the number of tours conducted by the Public Relations Directorate, General Headquarters, during the preceding three years;
- (b) whether the Accredited Press Correspondents at the Headquarters were invited to those tours; and
- (c) whether the Accredited Press Correspondents were paid the expenses of tour; if so, at what rate?

Mr. O. M. Trivedi: (a) Eight.

(b) Accredited press correspondents at Headquarters were invited to six tours, out of which they joined five and declined to go on the sixth one to the Burma front, owing to the Central Legislature being in Session at the time.

(c) Yes, Sir. Expenses, such as one first class railway fare to and from locations visited and reasonable expenses for incidentals on the journey, and the cost of board and lodging (excluding entertainment), were borne by Government.

PROCEDURE FOR REDRESS OF GRIEVANCES OF INDIAN UNITS.

171. Mr. Muhammad Azhar Ali: Will the War Secretary please state the procedure for submission of applications by personnel of Indian Units for the redress of their grievances regarding pay and conditions of service.

Mr. O. M. Trivedi: There is no special provision for the submission of petitions relating to pay and conditions of service, but the general procedure for the submission of all complaints and petitions made by V.C.Os and Indian Other Ranks is laid down in Regulations for the Army in India—Instruction 890, a copy of which is laid on the table.

Regulations for the Army in India—Instruction 890.

390. Complaints and petitions of Indian ranks. If a V.C.O., I.O.R., or non-combatant desires to make a representation, he will, in the first instance, make it personally to his immediate superior who will, after enquiry, either dispose of it himself, if he is competent to do so, or report to the next superior authority. The next superior authority and each superior authority to whom the case is reported will act similarly until disposal by a competent authority is reached. Matters of a purely private or personal nature may be represented direct to the company commander or equivalent authority.

PLACING SADDAR BAZAR, JULLUNDUR CANTONMENT, OUT OF BOUNDS FOR INDIAN PERSONNEL OF DEFENCE SERVICES.

172. Mr. Muhammad Azhar Ali: Will the War Secretary please state if it is a fact that the Saddar Bazar, Jullundur Cantonment, has been placed out of bounds for the Indian Personnel of Defence Services? If so, by whom, and from which date?

Mr. O. M. Trivedi: The area in question was placed out of bounds by the local military authorities from the 17th of December, 1943, to the 24th of January, 1944, on account of an epidemic of small-pox.

PLACING CERTAIN BARRACKS OUT OF BOUNDS FOR PERSONNEL OF TRANSPORTATION TRAINING CENTRE, JULLUNDUR.

173. Mr. Muhammad Azhar Ali: Will the War Secretary please state if it is a fact that the Barracks of No. 2 Transportation Training Centre, Jullundur Cantonment, have been placed "out of Bounds" for the personnel of that Centre by the Depot Battalion Commanders? If so, why?

Mr. O. M. Trivedi: I am collecting the information and will lay it on the table in due course.

MOTIONS FOR ADJOURNMENT.

COMPULSION ON LANDLORDS TO CONTRIBUTE TO NATIONAL SAVINGS CERTIFICATES IN SHAHABAD, BIHAR.

Mr. President (The Honourable Sir Abdur Rahim): I have received a notice from Mr. Ramayan Prasad to adjourn the business of the House to discuss a definite and urgent matter of public importance, namely, the order of the District Magistrate of Shahabad in Bihar compelling landlords to contribute to the

National Savings Certificates in varying proportions to the land revenue they pay and the failure of the Government of India to intervene effectively in the matter to put a stop to such practice.

I should like to know from the Government Member whether the facts stated are correct.

The Honourable Sir Jeremy Raisman (Finance Member): I am not aware of any order.

(The Secretary of the Assembly pointed out to the Honourable the President that the Mover was not present in the House.)

Mr. President (The Honourable Sir Abdur Rahim): The Mover is not here. The motion for adjournment therefore falls through.

STARVATION DUE TO INADEQUATE ARRANGEMENTS FOR DISTRIBUTION OF FOODGRAINS IN BUNTWAL, SOUTH KANARA DISTRICT.

Mr. President (The Honourable Sir Abdur Rahim): I have received a notice from Sri K. B. Jinaraja Hegde asking for leave to move for the adjournment of the business of the House to consider a matter of urgent public importance, namely, starvation of 6,000 people since a week in Buntwal, South Kanara District, due to failure of Government of India in making adequate arrangements for distribution of foodgrains.

I believe the Honourable Member tried to move this very matter on a previous occasion.

Sri K. B. Jinaraja Hegde (West Coast and Nilgiris: Non-Muhammadan Rural): This was not the matter. That was an order passed by the Civil Supplies Commissioner of Madras refusing to send rice to the district. Now the people are starving.

Mr. President (The Honourable Sir Abdur Rahim): Does not the failure of the Government in this regard relate to that order?

Sri K. B. Jinaraja Hegde: The present case is the failure of the Central Government to make adequate arrangements for food for the district. I received a wire yesterday and I immediately gave notice of this motion.

Mr. President (The Honourable Sir Abdur Rahim): Has the Honourable Member in charge anything to say?

The Honourable Sir Jwala Prasad Srivastava (Food Member): The subject-matter of the motion concerns primarily the Government of Madras since it relates to the internal distribution of foodstuffs.

Mr. President (The Honourable Sir Abdur Rahim): Can he say whether the facts stated here are correct?

The Honourable Sir Jwala Prasad Srivastava: No, Sir. The facts are not correct. But I was first stating that the subject-matter of the motion is not the concern of the Government of India. The Provincial Government have undertaken to distribute foodstuffs in their own areas and we are not aware that they have failed in that. We are told that the Director of Civil Supplies visited the South Kanara district only a few days ago.

Mr. President (The Honourable Sir Abdur Rahim): The place mentioned in the notice is Buntwal.

The Honourable Sir Jwala Prasad Srivastava: Buntwal is in South Kanara. He found the situation there quite all right.

Dr. P. N. Banerjea (Calcutta. Suburbs: Non-Muhammadan Urban): Nonsense.

Mr. Govind V. Deshmukh (Nagpur Division: Non-Muhammadan): When was the last visit?

The Honourable Sir Jwala Prasad Srivastava: A few days ago.

Dr. P. N. Banerjea: Such are your reports!

Mr. Govind V. Deshmukh: What do you mean by a few days?

The Honourable Sir Jwala Prasad Srivastava: That is the information which we got over the telephone from Madras last night. The information that we have in our possession is that normally the South Kanara district is self-sufficient.

Sri K. B. Jinaraja Hegde: It is not.

The Honourable Sir Jwala Prasad Srivastava: The district neither exports nor imports rice. Last year it had a small surplus and this year owing to adverse weather conditions the Madras Government considered that it would have a small deficit, and on recent review have decided to make an allotment to South Kanara of 1,000 tons in each of the months of February, March and April. In addition, 1,000 tons of wheat is being allotted to the district. As already stated by me the Director of Civil Supplies of the Madras Government had been there lately to conduct an examination of the conditions on the spot. The Madras Government will take, no doubt, necessary steps on receipt of this report, if there be any report necessitating the same. There seems therefore to be no necessity whatever for the House to adjourn itself over this matter.

Mr. President (The Honourable Sir Abdur Rahim): Upon the facts as stated by the Honourable the Food Member I hold that no case has been made out for adjourning the business of the Assembly in order to discuss this matter.

BAN ON PAKISTAN DAY MEETING AT LUCKNOW.

Mr. President (The Honourable Sir Abdur Rahim): The next notice is from Seth Yusuf Abdoola Haroon. He has given notice of his intention to move the adjournment of the Assembly for discussing a definite matter of urgent public importance, namely, the order of the District Magistrate, Lucknow, forbidding the holding of meeting in connection with Pakistan Day which is being observed to-day. This information has appeared in to-day's *Dawn*.

I should like to know whether the Honourable the Home Member has got any information on the point. First of all, under what law was the order passed?

The Honourable Sir Reginald Maxwell (Home Member): I have no information at all and I gather that the Honourable Member is relying only on a newspaper report which, I submit, is not sufficient basis for discussion on an adjournment motion in this Assembly. But I can say that the Government of India have not issued any orders whatever with regard to the observance of Pakistan Day or the prevention of any celebration of that Day. If any action of this kind has been taken by the District Magistrate of Lucknow, it must be based entirely on the requirements of the local public order situation, of which he and the Provincial Government must be the sole judges.

Mr. President (The Honourable Sir Abdur Rahim): Under what law has this order been passed?

Seth Yusuf Abdoola Haroon (Sind: Muhammadan Rural): It is not known under what law it was passed. The Lucknow Broadcasting Station broadcasted last night that this order had been promulgated at Lucknow, but it did not state under what law it had been passed.

The Honourable Sir Reginald Maxwell: It may be an order under section 144.

Mr. President (The Honourable Sir Abdur Rahim): This very paper says that the order has been passed under section 144. The order having been passed under section 144 in exercise of his powers by the District Magistrate, I must hold that this motion is not in order.

Mr. President (The Honourable Sir Abdur Rahim): The next notice is from Maulvi Syed Murtuza Sahib Bahadur, but he is not in his place.

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly: Sir, the following Message has been received from the Council of State:

"I am directed to inform you that the Council of State at its meeting held on 22nd March, 1944, agreed without any amendment to the Bill further to amend the Indian Merchant Shipping Act, 1923, which was passed by the Legislative Assembly on the 2nd March, 1944."

ELECTION OF MEMBERS TO THE STANDING FINANCE COMMITTEE.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that the following Members have been elected to the Standing Finance Committee: (1) Dr. Sir Zia Uddin Ahmad, (2) Mr. Govind V. Deshmukh, (3) Sir Cowasjee Jehangir, (4) Mr. E. L. C. Gwilt, (5) Mr. S. C. Chatterji, (6) Seth Sunder Lall Daga, (7) Major Nawab Sir Ahmad Nawaz Khan, (8) Mr. T. T. Krishnamachari, (9) Mr. H. A. Sathar H. Essak Sait, (10) Mr. T. Chapman-Mortimer, (11) Rai Bahadur Seth Bhagechand Soni, (12) Mr. Muhammad Muazzam Sahib Bahadur, (13) Mr. Umar Aly Shah, and (14) Mr. Muhammad Hussain Choudhury.

ELECTION OF MEMBERS TO THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

Mr. President (The Honourable Sir Abdur Rahim): I have also to inform the Assembly that the following Members have been elected to the Standing Finance Committee for Railways: (1) Sir Muhammad Yamin Khan, (2) Sir F. E. James, (3) Pandit Lakshmi Kanta Maitra, (4) Rao Bahadur N. Siva Raj, (5) Khan Bahadur Mian Ghulam Kadir Muhammad Shahban, (6) Mr. Saiyid Haider Imam, (7) Mr. Muhammad Nauman, (8) Mr. Muhammad Muazzam Sahib Bahadur, (9) Mr. Kailash Bihari Lall, (10) Sir Abdul Halim Ghuznavi, and (11) Maulana Zafar Ali Khan.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR THE LABOUR DEPARTMENT.

Mr. President (The Honourable Sir Abdur Rahim): I have also to inform the Assembly that upto 12 noon on Tuesday, the 21st March, 1944, the time fixed for receiving nominations for the Standing Committee for the Department of Labour, eight nominations were received. Subsequently three candidates withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected, namely: (1) Mr. C. C. Miller, (2) Mr. N. M. Joshi, (3) Mr. Piare Lall Kureel, (4) Mr. Amarendra Nath Chattopadhyaya, and (5) Mr. Muhammad Nauman.

THE INDIAN FINANCE BILL—*contd.*

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the Indian Finance Bill. Sir Muhammad Yamin Khan.

Sir Muhammad Yamin Khan (Agra Division: Muhammadan Rural): Sir, I was dealing with the Commerce Department and I want to finish it in one minute. When I gave examples of a few articles yesterday, I did so, in order that I need not detain the House with a recital of the large number of articles which have not been controlled and which are required for daily purposes. I want that the Honourable Member and his department should be vigilant and see that the prices are properly controlled. If the prices are not properly controlled then it will be considered by this House that the Government are not only not carrying on their duties properly but that they are really inefficient and cannot discharge their duties at all. I am sorry that the Honourable the Commerce Member does not think fit—even when I am dealing with his department, he wants to have a talk with certain officials, and I find that he is not listening to a word of what I have so far spoken. I am sorry that he thinks that I was wasting the time of the House when I was drawing his attention. I am not going to repeat what I have said. I will take it that the department is really very inefficiently worked because he did not think it proper even to listen to me when I was speaking about his department.

Now, Sir, I will take up the one point to which I like to refer. . . .

The Honourable Sir M. Azizul Huque (Member for Commerce and Industries and Civil Supplies): I was hearing the Honourable Member all the time.

Sir Muhammad Yamin Khan: No, you were talking to Sir George Spence. If the Honourable Member was hearing me all the time, will he tell me what I said.

The Honourable Sir M. Azizul Huque: It is very difficult for me to control if some Member comes and asks me an urgent question for about 10 seconds. I am surprised to hear the Honourable Member's remarks, after giving him all the attention which I did and getting all the papers; I spoke to Sir George Spence for about 10 seconds and if my friend is so impatient it is very difficult for me to say anything.

Sir Muhammad Yamin Khan: I definitely said that I would take only one minute with the Honourable Member's department and he ought to have told the other Member who came to talk to him—Please spare me for one minute. He had no business to start talking on any other point, when I told him that I would take only one minute with his department.

I will now deal with one complaint which has been received by me from several sources and that is about the War Casualties Department which is in Simla. This is really causing great hardship to lot of people. Those of our relations who have gone out to fight in Europe and other places we do not get information in proper time about them and great anxiety is caused to us. The parents and relations of the boys who have gone out to fight are anxious to know their whereabouts as quickly as possible and they should be properly informed. There are very few people who can get information except through the Casualties Department. I have got in my hand a letter about a relation of a friend of mine who is a Member of this House. The son of this Member was fighting in Europe. He was a prisoner of war in the hands of the Italians and the Government informed the Honourable Member that the son had come out from the hands of the Italians, after the revolution in Italy and the parents tried to get into touch with the person. After some time, they came to know that no connection could be made with the boy and some time later the boy wrote a letter from a German camp of prisoners to a friend in England and that letter was received in England and this telegraphic letter had been sent by that friend of the family on the 23rd February. This information about the boy being a prisoner of war in the hands of the Germans was received in England on the 23rd February but the War Department here did not inform the parents till the 11th March. I have got in my hand the original telegram dated the 10th or 11th March—it is marked both ways and they informed the parents that the boy is found to be still a prisoner of war in the hands of the Germans. You can imagine that the War Department did not pass on this information for more than a fortnight to the parents who got the information from different sources. I want to bring it to the notice of my friends who sit on the Defence Consultative Committee. This shows how much work the Consultative Committee has discharged in securing information about the boys who are fighting in this war and how much attention is paid to the feelings of their parents and relations. These matters never come before the Consultative Committee and they do not know what is happening. I want this Casualties Department to be transferred from Simla to Delhi so that the parents and relations of the boys who are fighting the war may get information as quickly as possible about their whereabouts. The matter should not be delayed like this, as I can prove by the original document which I have got in my possession.

Now, I want to impress upon the House that the Defence of India Rules were framed a long time ago. A debate has already taken place in this House and I do not want to traverse the same ground again. It is an immediate necessity that these rules should be revised by a committee of Members of this House who can safeguard the rights of the people who are being affected by the application of these rules. No rule should be made without

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the consent of this House. The Defence Rules are being administered in a way calculated to terrorise the people and they should be modified in such a manner that a magistrate, even if he be a silly man, may understand how far his powers can go. These rules were passed hastily in 1939. During the last five years, experience has shown that these rules should not be allowed to continue in the form in which they were framed at that time. I have got information that the Honourable Mr. Hossain Imam was not the only one who got the orders from the S. D. O. about these subscriptions to the war loan. A similar notice was sent to many zamindars of the division who were all asked to contribute money and they were asked to appear before him. I think it is the height of folly for any Member of the Government to misuse his power which is given by law, for the purpose of keeping law and order. This is making the Government very unpopular in the country. The country is getting fed up with the present Government on account of these follies which are being committed by the minor officials, to which the Government does not pay any attention. I think it is an immediate necessity that these rules should be placed before a committee of this House and the rules should be revised before the session is over.

The House has passed by a huge majority the cut motion which I had moved about effecting economy and the Honourable the Finance Member must feel himself bound by the vote of this House. Whatever may be the reason, it is a vote of the House and if any Honourable Member belonging to this House wants to show any respect to the very House to which he belongs, then the only course for him is to follow what the vote has decided. Otherwise, it will be said that although he is a Member of the House, he does not show any regard to the wishes of the House. This will be a novel idea of the democracy not to follow the decision of the majority in the House. You will be setting a very bad example to the country and the country will not know what lesson it should take from those British people who are the pioneers of democracy in the present day world. If you insist on the institution of democracy, then this decision of the House is binding on you. The Honourable Member said in his speech that no Finance Member can oppose the motion which was moved by me. Still, he gets up on the question of the Standing Finance Committee and says that he is prepared to place more records before them. The Honourable Member ought to have known that it was not the intention of this House to entrust this work to the Standing Finance Committee. What the House wanted was that because we have no opportunity to go into the details of the present Budget because our attention is concentrated on the token cuts here and there, therefore the budget must be scrutinised by a Committee of the House who should sit from day to day and see whether any economy can be effected. I think it is possible for this Committee to effect a retrenchment of 2 per cent. in a budget of 300 crores of rupees. If they can do that, they will be able to save 6 crores of rupees. And if there is another 100 crore required by Government, they will be able to effect an economy of another 2 crores. In this way, 8 crores of rupees can be saved and then there will be no need for any further taxation. There are some Honourable Members who think that because this is a war time Finance Bill, it should be treated as something sacred and should not be touched and should be passed. I am not of that view and I do not belong to that category. If the Finance Bill is to fill up a gap which cannot be filled up otherwise, it must be passed, but if an economy can be effected and if the expenditure can be curtailed, then there is no necessity for imposing any further taxation. In this connection, I will bring to the notice of the House the views which were expressed by the Leader of the European Group on behalf of the European Group in 1940 when only 8 crores of rupees were required for the purpose of the war. Speaking on the Excess Profits Tax Bill Mr. Aikman, the then Leader of the European Group, said this:

"A point I would like to make related to the rate of tax that is sought to be imposed. In the view of many people this rate is very high and before expressing our views upon

it my Group will require to be satisfied not merely that so much money is required to balance the budget of 1940-41, but also that in the matter of control of expenditure and more especially the control of war-time expenditure, the Government are taking every precaution to ensure that there is a minimum of waste. Tax-payers, in fact, want to be satisfied that, in these times when they are called upon to make large sacrifices, the strictest economy is being observed and that they are getting full value for their money."

Sir, it was the same view which was put in and endorsed by this House. While speaking on the General Budget he again laid emphasis on this and said:

"It cannot be forgotten that there comes a point when, if the tax imposed on any commodity becomes unduly heavy, the law of diminishing return will begin to operate. In the case of motor spirit, the level of taxation now imposed must be dangerously near that limit and in the case of the new sugar duties, it must be remembered that the sugar industry has to bear not only heavy central taxation but also taxation by Provincial Governments."

Then, further on he says because he was interested mostly in the petrol:

"Members of this House and our constituents in the country (*these are very important words because he was not speaking only on behalf of the European Group but on behalf of the constituents of the European Group*) are anxious, especially at this time when expenditure is inevitably rising, to ensure that a strict watch is maintained over all expenditure. I wish to make the very strongest plea for the re-establishment of control by a Committee of this House."

Sir Henry Richardson (Nominated Non-Official): Will the Honourable Member read the next sentence?

Sir Muhammad Yamin Khan: He said that it may be an Estimate Committee. That is a different matter but he did say that the expenditure must be controlled by a committee of this House. I do not mind the nature of the committee. I am only concerned with this that he wanted a committee.

The Honourable Sir Jeremy Raisman (Finance Member): I also suggested that the Standing Finance Committee could go through this.

Sir Muhammad Yamin Khan: The Standing Finance Committee cannot go through the expenditure of the present year. They cannot effect any economy in the present expenditure which the Honourable Member has suggested.

The Honourable Sir Jeremy Raisman: Under the existing constitution they cannot, but I indicated that I was prepared to discuss with them the scope of their function.

Sir Muhammad Yamin Khan: I want a committee which will go through the Budget and effect economy according to the motion passed by this House. We decided not to throw out the whole Budget on the condition that the Honourable Member will not flout the opinion of this House. We insist on this and we are convinced that there is a mismanagement in the spending Departments who are simply squandering away the money of the taxpayer. We think that there is scope for economy and, therefore, there will be no necessity for further taxation. I know the Honourable Member is helpless because he cannot go and examine the annas and pies, but the very function of this Committee will be to do this sort of work and to see whether the money is being spent properly by every Department. I cannot understand how any businessman can say that he cannot effect any economy even of one or two per cent in his huge establishment, unless of course he is convinced that even annas and pies are spent in a proper manner. I have shown by citing instances that there is lot of corruption going on, a lot of money is being taken from the taxpayers' pockets and put into the pockets of these corrupt officials who take bribes and spend money for unnecessary purposes. These corrupt officials purchase articles for Government at high prices. I, therefore, submit that the taxpayer should be saved and these corrupt officials brought to book. Both the things should be done.

Mr. President (The Honourable Sir Abdur Rahim): This question was debated at length for a whole day. The Honourable Member cannot go on repeating it over and over again.

Sir Muhammad Yamin Khan: We will throw off this Finance Bill in order to show that economy is possible and can be given effect to.

Sir, the next Department to which I wish to refer is the Civil Defence Department. This Department is one of the glaring examples of how money

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could be wasted without any thought over the consequences. The Honourable Member knows that more than a crore was wasted in Delhi and other Provinces in digging trenches which were found to be absolutely useless and harmful and which were breeding mosquitos. The health of Delhi was greatly affected.

The Honourable Sir Jeremy Raisman: Will the Honourable Member say that it was quite impossible that there could have been air raids over Delhi?

Sir Muhammad Yamin Khan: I know that His Excellency the Viceroy said in his speech that we are not a panicky people. We do not become panicky. So, I do not think it was necessary for the Government either to become panicky and dig trenches at that time. It was just possible that one or two air raids could have taken place. Of course, for the past two years, there was no air raid in Delhi though the Japanese are fighting on Indian soil as the newspaper report says today. I do not think they dare undertake this raid over Delhi in view of the precautions that have been taken. These trenches have been demolished and the pits filled with earth. All this was waste of public money.

The Honourable Sir Jeremy Raisman: Wise after the event.

Sir Muhammad Yamin Khan: It is not after the event. It is before the event even took place. It shows how the money is squandered for unnecessary purposes. We have to see carefully whether similar wasteful expenditure was incurred in other places.

The Honourable Sir Jeremy Raisman: Is that the kind of assistance we shall get?

Sir Muhammad Yamin Khan: My Honourable friend is welcome to become panicky. I am not panicky.

Now, Sir, I will refer briefly to the dearness allowance that was announced by Sir Gurunath Bewoor the other day. He made much of this dearness allowance, and he said that the lowest paid employee of Government will get an increase of dearness allowance from Rs. 11 to Rs. 14. That means an increase of Rs. 3. May I ask whether this increase will be effective in any way after this Finance Bill is passed? The poor employee will have to pay more than Rs. 3 a month for his tea, for his betelnut and for his other necessities of life in view of the high cost of all the things on account of the heavy tax imposed by this Finance Bill. So, this so called increase of Rs. 3 in dearness allowance does not cover the high cost of the articles.

The Honourable Sir Jeremy Raisman: Even in five years, it will not cost Rs. 3 on the average incidence.

Sir Muhammad Yamin Khan: My Honourable friend is thoroughly mistaken in thinking so. Poor people, their wives and other members of their family consume a lot of *pan* and betelnuts every day. I, therefore, think that this small increase in dearness allowance will not materially improve his position, after this Finance Bill is passed. It is no use giving by one hand and taking it away from the other hand.

The next point I wish to refer is the way in which the Government have been treating this House, especially this side of the House. Sir, the House passed last time a motion for adjournment of the House protesting against the sending of a delegation to England. In spite of the vote of the House a delegation was sent. The Honourable the Leader of the House while speaking in support of sending the delegation stressed the point that the members of the delegation were told not to speak on politics and he paid a lot of compliments to their experience and ability. I do not know whether the Honourable the Leader of the House spoke from his personal experience about these people. Our experience has been different, and, therefore, this House was very suspicious from the very beginning that the delegates will go and misrepresent this House, and they did misrepresent the views of this House. The Honourable the Leader of the House assured us that these delegates will not speak on politics, but these gentlemen did speak on politics in England, they did misrepresent the House and the whole country in the worst possible manner. They did the greatest harm to this country by indulging in all kinds of talk in England and

telling the British public that India as a whole was opposed to war efforts. This was the point which they made. Mr. Ghiasuddin went to the extent of saying that if a National Government was formed, that Government may not take any interest in the war efforts. I do not know how he came to this conclusion. I may tell the House that if really a National Government is formed, and if all the parties are represented on that Government and if they take seriously the reins of office in their hands, they are bound to fight our enemies and in the best possible way and with the maximum of efforts. With the enemy knocking at our doors, no National Government can afford to keep idle. That is an impossibility. Only those people who have no backing in the country will be half hearted in war effort. It was the greatest misrepresentation which these two gentlemen, Mr. Ghiasuddin and Mr. Bhole made in England that India was not serious about war effort. In spite of what the Honourable the Leader of the House said they did the greatest disservice to this country and to the British Empire. I do not know what the other two delegates have been talking in America, because we have not got any report of their activities; probably their activities were not brought to the notice of the public. Sir, on this one ground of the Government flouting the verdict of the House, we cannot support the Government. The Government go on flouting the opinion of this House every day.

I would now make a passing reference to the appeal which the Honourable the Leader of the House made the other day to me. I said they should resign and make room for people who have got the backing of the country and who can take charge of the Government. He advised me by saying that I should not ask him to resign, but that I should ask the Congress to come to terms with the Muslim League first. Sir, may I remind my Honourable friend that already I have brought the Muslim League and the Congress together, much nearer to each other, in that both have come to this House to demonstrate to the world that they have no confidence in the present Government of the country and its administration. This position has been conclusively demonstrated and proved.

The Honourable Sir Sultan Ahmed (Leader of the House): Nor have the Congress got confidence in you.

Sir Muhammad Yamin Khan: We have got confidence in each other and that is shown by our acting together in this manner to demonstrate that we have got no confidence in the Government. And this step which has brought them together has also brought them nearer to unity. My Honourable friend, Sir

12 Noon. Frederick James, said the other day that it seemed to him novel that these two Parties should come together. But up till 1940 could my Honourable friend ever think that England and Russia would come together? Did they not hate each other and do they love each other even now? Still they have joined and are fighting on the same side as Allies and friends and England pays all sorts of compliments to Russia. There are circumstances which bring people nearer although separated by other means. In this case it is the actions and misdeeds of Government which have brought these two Parties together.

The Honourable Sir Jeremy Ralsman: Then you should be grateful to us.

Sir Muhammad Yamin Khan: Yes, I am grateful for the wrongs you have done because they have helped us to join hands. Government exploited us and created differences among us to exploit us, and people now realise that these differences have been engineered for the purpose of keeping us apart. (Interruption from Mr. Jamnadas Mehta.) I hope my Honourable friend, Mr. Jamnadas Mehta, will also realise it, some time if not now.

Mr. Jamnadas M. Mehta (Bombay Central Division: Non-Muhammadan Rural): So you know it now.

Sir Muhammad Yamin Khan: Yes, I know it; I hope my Honourable friend also will know it.

Mr. Jamnadas M. Mehta: I knew it twenty years ago.

Sir Muhammad Yamin Khan: That, Sir, is my reply to what the Leader of the House said the other day.

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I will leave these questions or wider politics to be dealt with by other speakers and deal with matters which relate to this House itself. I must say that this House is not properly treated by Government and no regard is paid to views expressed by huge majorities of this House. This is not democracy as is broadcast to the world. We are not working towards dominion status as England proclaims but towards complete autocracy.

I remarked a few days ago that when they found that there may be unity on this side Government started another stunt through what I may call their missionaries, open or secret servants, that the nominated Members must form a group against us. And this propaganda started in the last Session against the Muslim League by certain nominated Members. This was brought to my notice and that had been resented and some Members were led to believe many things which were not true. Today also up till now, since the Congress Party refused to send their representatives to the Committees, we had come to an agreement which was really a kind of convention working for the last four years. In the Standing Finance Committee for Railways our Party sent four . . .

Mr. President (The Honourable Sir Abdur Rahim): The action of the Honourable Member's Party is well known to the House, and the question of how one Party is operating in the House is not relevant to the Finance Bill.

Sir Muhammad Yamin Khan: I am stating what Government have done this time. Government excited another nominated Member to be put in . . .

The Honourable Sir Sultan Ahmed: There is absolutely no foundation for this; Government have done nothing of the kind.

Sir Muhammad Yamin Khan: The Government Whip does it. Their intention was to oust Sir Abdul Halim Ghuznavi and they succeeded in ousting Murtuza Saheb Bahadur . . .

Mr. President (The Honourable Sir Abdur Rahim): That is a matter which should not be discussed here.

Sir Muhammad Yamin Khan: Our Party will take action at the proper time and the proper place and give a reply to Government on this point.

My next point is that at present India needs a lot of scientists. They want a lot of people who are trained in the professions and they get training for a long time and the salaries which Government pay to their scientists and medical men is not a sufficient inducement to them. When people sit for the I.C.S. and come out successful they get high salaries and they know they can reach up to Rs. 10,000 which is the salary of a Governor. But these scientists are treated badly and because the people have no voice in determining their salaries they are paid low salaries. I think, Sir, it is not fair that these people who receive such high education should not be given enough to manage a decent living. It is high time that the Government of India should take notice of this matter and they should take steps to give tempting salaries to these men so that it will be an inducement to them to take to this line. At present you are paying these men, trained in England, less than what Assistants and Clerks are getting in the Government Secretariat.

Finally, I have to say that under the present circumstances we cannot support this Bill and we do not think that there is any necessity for supporting this Bill. We think that money can be found out easily from the savings which can be effected and, therefore, I oppose the consideration of this Bill.

Mr. O. M. Trivedi (Secretary, War Department): Sir, I should like to begin my speech by thanking my Honourable friend, Sir Frederiek James—I am sorry he is not here owing to indisposition—for his warm appreciation of the magnificent part which India's Fighting Services have played and are playing in several theatres of war. The innumerable deeds of valour and gallantry of our sailors, soldiers and airmen have raised the status of our country in the eyes of the world, and indeed no words of mine can adequately express the deep debt of gratitude which India and other United Nations owe to the Armed Forces of India.

My Honourable friend, Sir Frederick James, paid a tribute to the war effort of the Aligarh University. I desire to associate myself with that tribute. The Aligarh University has been of assistance to the Fighting Services in several ways: It has provided a large number of officers for the three Services. It was at the Aligarh University that we started the first Air Training Corps and learnt some lessons by trial and error: in fact, my gallant and learned friend, Dr. Sir Zia Uddin Ahmad, has, with great enthusiasm, started several experimental schemes to assist the war effort. Not all the schemes have been equally successful, but both the University and ourselves have learnt a good deal from these experiments. We have given the University financial assistance on more than one occasion and have provided it with two aircraft and two motor lorries. Over a year ago, he asked for a grant of Rs. 5,000 for a temporary shed to house the two aircraft provided by us. We sanctioned the amount very readily. Shortly afterwards I happened to meet my Honourable friend. He thanked me for the grant and added with a smile that in his letter for the grant of Rs. 5,000, he had omitted by mistake to add one nought and that he had really intended to ask for Rs. 50,000. We were unable to sanction this amount, but this is by the way. I am only quoting this instance to show that there is no more insistent beggar for funds than my Honourable friend, Sir Zia Uddin Ahmad.

My Honourable friend, Sir Frederick James, next referred to the distinction between combatant and non-combatant units in the matter of disability pensions and instanced the case of Pioneer Units in the harbour of Tripoli, who were doing as risky work as men of combatant units. There is something to be said for the view that in a total war there is really no distinction between combatant and non-combatant units. The matter is not, however, quite simple. A distinction can certainly be drawn between certain classes of non-combatant units and combatant units, but I would like to say that the question of classifying the Auxiliary Pioneer units as 'combatant' will be taken up.

My Honourable friend next referred to the question of providing a right of appeal to an independent body in pension cases. He mentioned that the Parliament had passed the Pensions Appeal Tribunals Act to provide for the establishment of Tribunals in the United Kingdom to hear appeals against the decisions of the Minister of Pensions and suggested sometime ago that we should follow suit. I am glad to be able to inform the House that the Government of India, with the approval of the Secretary of State, have now decided to set up independent Tribunals in India to deal with appeals in pension cases. The necessary steps for the establishment of Appeal Tribunals in India are now under consideration.

My Honourable friend, Sir Frederick James, paid a tribute to the military authorities for their endeavours to prevent waste. I am sure they will appreciate this tribute, and I can assure the House that the military authorities will continue in their efforts to prevent all avoidable waste. No one is keener in this than His Excellency the Commander-in-Chief.

My Honourable friend next turned his attention to the Indian Air Force. Squadrons of the Indian Air Force have now gone into action in the operations against the Japanese, and our Indian pilots have acquitted themselves very well indeed. The record will, I am sure, fill all of us with pride and it will also demonstrate, if any demonstration is needed, that given the opportunity, the right type of the youth of India is second to none in the world. We are still not obtaining as many pilots as we require for the ten squadrons of the Indian Air Force. This is a matter which is causing us some concern, as the failure to obtain the full number required may jeopardise the complete fulfilment of the ten squadron programme and our participation in the Empire Air Training Scheme. We have spared no effort to give the maximum publicity to the Indian Air Force. We have also instituted Air Training Corps at eight universities, namely Madras, Calcutta, Allahabad, Aligarh, Punjab, Nagpur, Hyderabad, and Travancore. We have also sanctioned an Air Training Corps for the

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Bombay University. The primary object of the Air Training Corps is to provide pre-entry training for prospective candidates for pilots' Commissions. The class at each University is limited to 50 candidates and each course lasts for three months. If the classes are filled to capacity, we shall be training about 1,400 college students each year. The results will, we hope, be reflected in improved recruitment. Already recruitment shows some signs of improvement. We have also organised recruiting parties of Indian Air Force officers to go round colleges and Universities, and we hope to be able to establish some machinery whereby regular contacts throughout the year may be maintained between the recruiting authorities and the educational institutions of the country. We want the flower of Indian youth to join the Indian Air Force and our ambition is to have an Indian Air Force second to none. I earnestly hope that our ambition would be fulfilled.

My Honourable friend dwelt at great length with the Royal Indian Navy. His feeling appeared to me to be that, although the Royal Indian Navy was the senior service, it was regarded as the Cinderella of the Services. I hasten to assure the House that this is not so. It is certainly not the way in which the Army or the Air Force regards the Royal Indian Navy. The achievements of this small, but growing and highly efficient navy, during this war are only too well known to all of us to need a mention here.

My Honourable friend narrated a long list of what he considered to be the grievances of the Royal Indian Navy: for example, he referred to the family pension of Rs. 8 of a Chief Petty Officer who becomes a casualty. The status of the Chief Petty Officer is not really analogous to that of the Viceroy's Commissioned Officer of the Indian Army. The pension of the Chief Petty Officer is the same as that of a Havildar, with whom he is officially graded. The whole question of the upgrading of the status of the Chief Petty Officer is a difficult one, raising as it does both financial and administrative issues. I cannot promise that the status will be raised, but I undertake that the matter will be examined with care and sympathy.

My Honourable friend next mentioned that, unlike the Royal Navy, seamen of the Royal Indian Navy are not given instructional allowances. This is correct. I understand that a proposal to introduce the Royal Navy practice in the Royal Indian Navy was made some years ago, but was not pursued. The matter will be examined again. It is also a fact that junior ratings doing senior ratings' work do not receive the pay of the senior appointment. This matter, too, was raised once, but not pursued. It will be re-examined.

As regards married quarters for Royal Indian Navy ratings, it was not the policy before the war to provide married quarters for the Royal Indian Navy ratings. I will not attempt to argue whether that policy was right or wrong. At any rate, it is obviously not easy in war conditions to provide such accommodation. The question of policy in this matter will, however, be reconsidered.

As regards long service awards, it is a fact that the Royal Indian Navy practice is illiberal as compared with the practice of the Royal Navy. The Royal Indian Navy, however, follows the Indian Army practice in this matter, and all I can say at the present stage is that we shall consider favourably any proposals for increasing the number of these awards.

In the concluding portion of his speech, in so far as it concerned the department which I have the honour to represent in this House, my Honourable friend gave the House his views on the policy to be followed in regard to the post-war size of the Defence Forces of India. He visualised rather a smaller Army, a larger Navy and a very much larger Air Force. These matters are very much in the minds of the highest military authorities in India. It is a truism to say that ideas and plans for the defence of India cannot remain static. They must vary according to circumstances, and I can assure the House that those who are responsible for planning the post-war size of the Defence Forces of India will take into full account all relevant factors. I am not sure whether

the observation of my Honourable friend that the defence policy of India is governed by the mentality of the Bengal Lancer was correct at any time. I will not argue with him on that point. All I will say is that it is certainly not correct at the present time, and that the sea and the air will receive an equal attention as the land, if not more, in plans for the future. He may rest assured that the land outlook—and after all there must be a land outlook—will be fully up to date and will not dominate unduly sea and air. My Honourable friend looked forward to the day when an officer of the Royal Indian Navy would fill the post of the Commander-in-Chief of the Forces in India. He has often, though not always, proved to be a true prophet, and I am sure that the Army would not be wanting in welcoming such a development when it takes place.

My Honourable friend, Sir Vithal Chandavarkar, referred to the disparity between the pay of the members of the Auxiliary Force (India) and the members of the urban units of the Indian Territorial Force. As he informed the House, we have already substituted British ranks for Indian ranks in the Bombay Urban Infantry. We have also raised the allowances of the Urban Infantry during the period spent in camp. The request for levelling up the pay of the members of the Urban Infantry to that drawn by the members of the A. F. (I.) was rejected some years ago. If I may speak frankly, the few Urban Units in India are not even in a state of reasonable efficiency. The numbers in the units fall short of the sanctioned strength, there is marked lack of enthusiasm, and the whole question to my mind resolves itself into one of devising means to promote greater efficiency of these units. If, as contended by my Honourable friend, merely raising the pay during training or embodiment would lead to greater efficiency, I for one would support this increase. I much regret, that, owing to other more urgent pre-occupations, we have not been able to devote attention to this question of improving the Urban Units, but I promise my Honourable friend that we shall take it up fairly soon.

My Honourable friend asked why there should be two separate forces like the Territorial Force and the Auxiliary Force. I do not wish to go into past history, because I do not consider that to be a profitable task. I can assure him that one of the questions which will receive consideration in connection with the post-war army is whether there is any necessity of maintaining two separate forces. I myself should not be surprised if the final development took the form of one Territorial Force governed by a single Act.

My Honourable friend next referred to cadet courses in European schools in India and asked why similar courses should not be introduced in Indian High schools. As far as is known here, the Army does not provide any instructors or equipment for any cadet course in private schools in India. It is possible that sometimes arrangements are made with local military authorities for schools to get some very limited assistance, but of the details of such assistance, if any, I have not been able to obtain information within such a short time. I will, however, make an enquiry into the whole question. I fully share the anxiety of the Honourable Member to adopt such steps as are possible to make educational institutions better fitted to meet the needs of the Defence Forces.

I regret, Sir, I was not in my seat when my Honourable friend, Mr. Lawson, referred to the exploits of the drivers of military vehicles in Calcutta in colliding with tramcars and in classifying the public into two classes, namely, the 'quick' and the 'dead'. Both the local military authorities and ourselves are fully aware that room exists for considerable improvement in the driving of service vehicles; the matter is one which receives constant attention, and the local military authorities have recently taken certain measures which will, we hope, lead to appreciable improvement. Continuous joint patrols of Army, R. A. F. and U. S. Provost have been established in Calcutta. Additional traffic signs have been erected. Speed limit orders of the Army, the R. A. F. and the U. S. Forces have been unified. India Army orders have issued stressing the need for careful driving by military personnel. Orders have also issued that cases of reckless driving by I. O. Rs. where death or injury to civilians is involved will be tried by civil courts. Very careful instruction in

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driving is given at the Motor Transport training centres, and if any Honourable Member feels that this instruction is not very thorough, I shall be glad to arrange for a visit by him to some of these training centres. The Bengal Government wrote to us some time ago that already there was appreciable improvement in the situation at Calcutta. I have every hope that matters will improve still further. The G. O. C.-in-C., Eastern Command, is taking a personal interest in the matter and His Excellency the Commander-in-Chief has directed that the question should be discussed in all its aspects at the next meeting of the Army Commanders' Conference. As regards the compensation paid to the Calcutta Tramways, I myself am somewhat surprised that the Tramways have received only the princely sum of Rs. 45 when it is alleged that the damage is to the order of Rs. 12,000. The position is that claims up to Rs. 1,000 are settled by Army Commanders. Claims above that amount in any individual case require the sanction of the Government of India. I have no doubt that the Calcutta Tramways are well able to look after their own interests in this matter. I hope my Honourable friend will be satisfied that we are doing all that is possible in the matter of measures to ensure careful driving of military vehicles.

With these words, Sir, I conclude.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Kural): Sir, in discussing the Finance Bill, one sometimes feels inclined to travel from China to Peru. I shall, however, confine myself to two things. Firstly, a review of the administration for the year 1943, and, secondly, the taxation proposals of the Finance Bill.

Now, Sir, as regards the review of the year 1943, the year has been an eventful one. I propose to discuss the activities and the administration of the Government during that year and the outstanding facts and features of the year's administration in the shape of a balance sheet, or to be more accurate in the shape of a profit and loss account, showing what from the people's point of view they have gained and lost in the year. As regards the profits, I must admit that so far as the defence of India is concerned, we were more prepared in 1943 than we were in 1942. Whether we were adequately prepared or not, that is another question, but it must be admitted that preparations for the defence of India now have been better than before. But I am afraid that that is the only item of profit that can be shown in my profit and loss account. The rest of the profit side is blank.

I shall now speak of the losses from the point of view of the people. Now, Sir, the losses are really formidable and staggering. I shall summarise, Sir, as briefly as I can, some of those matters in which the country has suffered and lost in 1943. First of course, comes the loss of human life from starvation. People have died not in hundreds, not in thousands, not even by lakhs, but by many many lakhs, due to starvation. Although it is the acknowledged principle of this Government of India as of all other Governments—it is the primary duty of the Government to save every single life and not allow even the poorest man in the remotest countryside to die of starvation. From that point of view I do not know what the Government feeling is on this question. Then comes the loss of human lives from disease. Then comes the loss of cattle, which means loss of agricultural production, which means loss of milk, loss of butter, loss of *ghee*, that is, loss of food. The next item of loss is the loss of trade, specially export trade which is being allowed to be captured by foreigners. Time permitting, I shall develop this point. The next item of loss is the loss of great opportunity during the way to build up new industries and to expand old industries. Then comes another grievance, import of foreign troops into India and export of Indian troops out of India—a most unnatural arrangement on the very face of it—due obviously to the distrust of the very people who have saved the situation in many theatres of war in different countries. The next entry in my profit and loss account is this. Brushing aside indigenous talent and indigenous knowledge and import of supposed

experts, who may or may not know anything of the subject, and many of whom have been tried and found wanting. Of course, the greatest disqualification here in India is to be an Indian. Even the fairest man in India, my young man over there, who is fairer than the white occupants of the Treasury Benches—that won't improve his position.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Colour!

Mr. Akhil Chandra Datta: The next item is high prices of all necessities of life, higher than in any belligerent country, and higher than really warranted by the war situation. My next entry is the loss of professional independence of lawyers, not only of lawyers but of the judicial independence all over the country, even the highest judiciary feeling absolutely helpless and paralysed under the Defence of India Rules, the executive dominating the judiciary. The next item is corruption in many departments, the loss of purity of administration, and the consequent demoralisation is even more devastating than the actual waste of money. Extravagant expenditure in many departments I shall not dilate on. The next item is that law has been supplanted by Ordinances and the Legislature has been supplanted by the Executive. The next is continuance of political deadlock. The Government has been throughout regretting the deadlock but insisted that it is for the popular leaders to take the initiative for putting an end to the deadlock. But the Honourable the Home Member has recently denied the factum of political deadlock, and appeals like a schoolmaster to the dictionary for its ordinary meaning. Next comes detention of a very large number of patriots of India without trial for an indefinite period and without sufficient personal allowance or family allowance. The next entry is very important, the gagging of the press by censorship, censorship regulations being governed not only by military considerations but for political reasons. Another valuable right has been lost, namely, the right of freedom of association, there being ban on meeting, processions and so on, ban on Independence Day meetings and Pakistan Day meetings. Then my next item is the Indianisation of the Executive Council which has been demonstrated to be a mere camouflage, if not a fraud as has been characterised by Nawabzada Muhammad Liaquat Ali Khan. His description I cannot improve upon. He said that the records are the same but only the gramophone is different. I cannot conceive of a better description of the expanded Executive Council. The most unfortunate thing of this year is the estrangement between the Government and the people. It was never so complete as in 1948. The next is the surrender of civil administration to the military even in the administration of the famine relief. Again, surrender to and abdication in favour of Americans—I am told that even station masters and signallers in Assam are Americans, not to speak of the higher officials controlling the policy of the railway administration in Assam and Bengal. There is another grievance. People have been ousted from their homes and business places even where alternative arrangements could be made without inconvenience to the military people. I may say I am one of the victims myself. I have been practically turned out of Comilla which is my home and place of business. All my houses, not only residential houses but all the houses I own have been taken away by the military with the result that I cannot go to Comilla at all. Even education has suffered during this year. Schools, colleges, boarding houses, have also been requisitioned and dislocated, when actually these things could have been very well avoided. That is my profit and loss account. This also may be called a charge sheet.

Let me say a few words about the present food situation in Bengal. It is sometimes asserted by some people that there has been an improvement in the position. I want to say this that there has been really no substantial improvement. Rice was selling at Rs. 40, 50, and 60; it has certainly gone down to Rs. 20 or 25. I believe the prevailing price of rice is Rs. 20 in Bengal now, but it must be remembered that Rs. 20 is four times or five times the pre-war level of prices. And it cannot be overlooked that people are still dying of starvation. That is a fact which cannot be controverted. Still they are dying. Therefore, there is no reason for optimism, much less for complacency on the

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part of the Government. The case of the Government of India as regards the food position now in Bengal was explained the other day in another place. Now, I have carefully examined that case and my contention is that there is absolutely no reason for optimism. I shall give my reasons. (*An Honourable Member*: "Where is the Food Member? He is not here.") They never care to attend. We have always cried in the wilderness and this time also I shall cry in the wilderness. I say that the attitude and outlook of the Government of India with regard to the food situation is not the proper one. My reasons are these. First of all, as regards supply, the *Aman* procurement scheme has failed. Not even 25 per cent. of the surplus rice has been brought out of the cultivators' possession. This is about the supply. It is admitted that public confidence has not yet been restored. That psychological element is the most important thing. After supply, comes the question of distribution. The problem is essentially one of distribution. As regards distribution it is admitted that the transport position is very unsatisfactory yet. Rice is lying in railway stations in huge quantities. There is no arrangement for moving the grains to the proper quarters. There was one means of conveyance—that is by country boats. That has been made impossible now, because the country boats have been destroyed or taken away in pursuance of the denial policy of a panicky Government. In fact, it has been admitted in so many words in the other place only last week that the situation in regard to internal transport is still unsatisfactory. I say that the Government's optimism has no foundation, because as a matter of fact the real position in the country is not known at all. There are no sufficient data. Statistics have not yet improved. Now, it has been admitted the other day by the Government that so far as agricultural statistics are concerned, we are in the same position as before. No improvement has been made in spite of the recommendations of the Food Grains Policy Committee, who emphasised that the statistics are essential for the formulation of a successful food policy. The reporting agencies have not been at all improved. How can you provide for a situation which you do not know? A false sense of security is the worst enemy you can think of and the false sense of security of the Government of India and of the Government of Bengal was responsible for the famine in Bengal last year. The wonder is that the Government will not learn even after the bitter experiences of last year that to be forewarned is to be forearmed. Famine has partially gone but it has left its legacy behind. With regard to that, rehabilitation is necessary but I was surprised to hear from the Government Member the other day that so far as Bengal is concerned, the rehabilitation scheme has not yet got the financial sanction of the Government of India. Even sanction has not been given to that scheme. That being the position, the question now is—what is the remedy? The food problem is the most important problem in India now. It is not a question of political progress; it is not a question of economic emancipation. It is a question whether the people will live or die. With regard to the food problem, there are some fundamental truths which must always be kept in view. The first and foremost is that India is not self-sufficient in the matter of food. The second thing is that we have got it on the highest authority that not only during the time of famine but even in ordinary times, there is under-nourishment of one-third of the entire population. The problem of rice deficit is not mainly a war problem. It is a problem for all times and, therefore, the only satisfactory solution of the food problem, which has been emphasized by the Food Committee, is increased production in the country itself. The question now is how to increase production. That is the most important question. On this question various recommendations were made by the Food Grains Committee. My grievance is that those recommendations have not been seriously considered by the Government who have not seriously and honestly applied their mind to them. I shall give one illustration. One of the most important recommendations is that more land should be brought under cultivation. What is the position about this question? The Honourable Member for Education, Health and Lands said in another place last week that even figures are not available as to whether

any land which was uncultivated before has been brought under cultivation now, as the result of the 'Grow More Food' campaign. Nothing can be more unfortunate than this. It proves the absolute callousness of the authorities concerned in this most vital matter. Time will not permit me to deal with the various other recommendations of the Food Grains Policy Committee, which have not been carried out by the Government, not even the one relating to the Central Food Grains Reserve Fund. As regards the food problem, I want to make a special plea for Bengal. The problem is acutest in Bengal. That province is now the supply and operational base against Japan. Just at the present moment, the enemy is at our door and Bengal is the base and, therefore, it is not only the duty of the Government of India but it is the duty of the United Nations to see that there is no want of food in Bengal. In fact, one of the recommendations of the Food Grains Committee was that the Government of India should urge on the United Nations to see that Bengal gets its food.

Now, Sir, I want to say a word about the export trade. My Honourable friend, Mr. Krishnamachari, has already dealt with the matter very exhaustively. The facts are that so far as the export trade is concerned, the U. K. C. C. is out here to capture and monopolise the export trade of India. I shall not go into the matter at length except to place one or two facts before the House. One fact that I wish to place before the House is that the shipping space is allotted by authorities in London and Washington with the inevitable result that preferential treatment is given to people of the United Kingdom and those of America for the simple reason that blood is thicker than water. Now, I am told that when a ship arrives in an Indian port, one finds that the shipping space has already been reserved for non-Indians even before the ship arrived at an Indian port. Not only in the matter of space but even in the matter of purchase preferential treatment is given to non-Indians. I am told that the U. K. C. C. purchased last year tea in India at 14 annas per lb. whereas the Indians had to pay Rs. 1-4-0 to Rs. 2 per lb.

As regards the industrial development of India, we have got the resources and the raw material. But the admitted fact is that India is industrially very backward. In view of these two facts, it is essential that there should be an industrial research. Now, Sir, under the auspices of the National Institute of Science a conference was held in Delhi the other day. It has been urged by Sir J. C. Ghose, the eminent great scientist, that there should be an annual grant of 25 crores of rupees for the promotion of industrial research. What is the response from the Honourable the Finance Member? He has given 10 lakhs for the development of glass industry. He has also promised a grant of one crore of rupees by a post-dated cheque and an uncertain cheque, the proceeds of which will be paid not now but in four or five years after the cessation of the hostilities. After making that magnificent grant, the Honourable the Finance Member cannot restrain himself. But he congratulates himself by saying:

"This step would, I am sure, be regarded as the practical expression of Government's resolve to promote the development of India's industry."

Comment is unnecessary. I shall only say that this is adding insult to injury.

Now, Sir, I wish to say a few words about the taxation proposals. On tobacco a duty was levied for the first time last year. The Finance Member now proposes further increase of the tobacco duty. Tobacco dust was being sold at Rs. 1-8-0 to Rs. 2 per maund and the taxation last year was Rs. 5-2-6 per maund. It was more than 300 per cent. over the price prevailing at the time. As regards *khutan* the price was Rs. 10 per maund and the duty imposed was Rs. 31, that is, 300 per cent. over the price. The present proposal of increment is from 300 per cent to 900 per cent. I do not know if anything more monstrous than this can be done. *Biri* tobacco used to be sold at Rs. 28 or Rs. 30 per maund and the duty imposed was Rs. 31 per maund. That is approximately 100 per cent. It is now proposed to raise it to 150 per cent. Sir, this duty has been levied after cogitation of 80 years. For 80 years there was investigation and no Finance Member ventured to levy this duty. There

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were so many difficulties which were considered to be insurmountable. For 80 years they went on investigating but no duty was imposed in view of the local conditions in the country. But Sir Jeremy Raisman is bold and brave if not desperate, he has proceeded undaunted. Not only did he levy this duty last year, but only after a year he proposes to increase it in some cases by 600 per cent. because the duty of one anna is proposed to be raised to 3 annas and the duty of 6 annas is now proposed to be raised to 9 annas.

Now, Sir, what are our grievances with regard to this tobacco duty? My first complaint is it is a tax on agricultural income which this Legislature has no right to tax. When the Bill was passed last year, the Honourable the Finance Member gave us this assurance:

"I do not regard this duty in the nature of a tax on agricultural production and will certainly administer it in a manner which will not constitute it a tax upon agriculture, which will be levied at a certain stage in the trade of tobacco."

That was the assurance given. My grievance is that that assurance has not been honoured. We were told that so far as the grower is concerned, there will be no financial burden upon him. Some restrictions may be put on him but there will be no financial burden on him. That assurance, as I said, has been dishonoured in actual practice. It is dishonoured in two ways. In the first place, it has been dishonoured by the rules that have been framed. It is now an Act of 1944. The words in the charging section are all right; they are in keeping with the words of the Constitution Act. But the sting is in the tail.

A rule has been framed under the Act. Rule 19 says that as soon as tobacco has been cured and is in a fit state for sale, duty shall be chargeable. Now, Sir, the grower is himself in many cases the curer. My submission is, this is agricultural income on which tax is proposed to be levied under Rule 19. I should not be told that the Act is already there and that I have no right to challenge it in this House. I know it. What I am challenging now is not the Act. I do not know with what object the words used in the charging section of the Tobacco Act have been substituted now by the words 'produced or manufactured'. These are words of entry No. 45 of the Federal List. But what I complain of is against the rule. Rule 19 says that wherever the product is cured and is in a fit state for sale, the duty shall become chargeable. Now, Sir, I submit that rule 19 makes the duty a tax on agricultural income, so far as the growers are concerned and therefore this rule is *ultra vires* of this Legislature. What is an agricultural income? Agricultural income has been defined in the Constitution Act as an income which comes within the definition of the Income-tax Act. Now, Sir, "agricultural income" is defined in section 2 of the Income-Tax Act as—

"any income derived from such land by the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market or; (iii) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, in respect of which no process has been performed other than a process of the nature described in sub-clause (ii)."

So, Sir, according to the definition of a "curer" which includes a grower coupled with the definition of "curing" which includes all these processes which are mentioned in the Income-tax Act, tobacco duty so far as grower is concerned becomes under rule 19 a tax on agricultural income inasmuch as he performs all the processes which are ordinarily employed by a cultivator in order to make his product fit to be taken to market. Therefore, Sir, obviously rule 19 of the Excise Rules militates against the Income-tax Act, and the Constitution Act of 1935. Therefore it is *ultra vires* and it has obviously become a tax on agricultural income. This is a very serious question and unless redress is given by the Honourable the Finance Member, we shall have to take up this matter before the Federal Court. So far about the rule itself. The tax is made more oppressive in the actual administration by the excise staff. What they do is to misinterpret the rules. They manipulate in such a way that what is taxable at the lowest rate is taxed at the highest rate. For instance, when stalks and stems are mixed up in *biri* or snuff, even that portion is taxed at the same rate as the higher quality of tobacco. The result is that

the benefit of the provision for lower tax in the case of stalks and stems is utterly lost to the grower and the trader. As regards chewing tobacco what happens is this. The merchants in Bombay import tobacco from Gujarat and other places. Tobacco is used for both purposes, for being mixed up in *biri* and snuff and also used as chewing tobacco. When that is the position, the dealers dealing exclusively in chewing tobacco keep their account books separate and it can be easily found out how much is used as chewing tobacco. The excise officials in their zeal tax that portion of tobacco also which is used for chewing at the higher rate of *biri* and snuff. I am told that the people in Bombay have been paying this higher rate under protest, and in spite of representations to the Government of India they have been given no relief. Not only this. When the Bill was passed, we were assured by the Honourable the Finance Member as follows:

"Numerous difficulties will doubtless be encountered in the operation of the system and it may have, from time to time, and perhaps in particular areas, to be altered in certain details of its working; but while some of the difficulties may be formidable, we do not regard them as insuperable; and we were satisfied that, given close supervision and careful governance, which we have arranged to provide, the system can be made an efficient fiscal instrument which will impose no check on production nor be burdensome to the trade."

Now, Sir, we had an illustration the other day of the kind of supervision given. Because when the increased rates were announced on the 29th February evening, people who had already paid the duty before the 29th or 28th, obtained their clearance and stored their goods in duty paid godowns were charged enhanced rates for their goods although these rates had not yet come into force and duty had already been paid. These officers also went to the length of sealing the duty-paid godowns so as to prevent the removal of the goods by the merchants. That happened even in the case of a big company like Moolji Sicka and Company who paid as much as 15 lakhs of rupees as duty last year. Even in the case of a respectable firm like that, having already received the duty from them and allowed clearance, they were asked to pay enhanced rates which did not yet come into force. That happened also in the case of another company, Hajee Latif Abdoolah. This is not an isolated instance; it happened in many parts of India; it happened in the Central Provinces, in Calcutta and even here at Delhi under the very nose of the Finance Member. That is the sort of administration of this tobacco duty. It is, therefore, a matter for consideration of the Finance Member whether he should proceed with the proposal for enhancement of this duty.

There is another point about this tobacco duty. It is a duty on the poorest people. I appeal to the Finance Member to consider whether there is any single manual labourer in the country to whom smoking is not as necessary as his food itself. With this tax on tobacco he has to pay four or five times the price for it that he used to pay before. This duty on tobacco is therefore objectionable on that ground also. It taxes the rich and the poor alike without regard to the capacity of the people to pay.

As regards the other taxes I do not wish to discuss them at length at this stage; I will deal with them on a later occasion, if that stage is reached. Sir, I am opposed to the proposal of tax on tea, coffee and betelnuts. As regards betelnuts I come from that part of the country where they are grown in large quantities. I know how extremely difficult it will be to administer the realisation of this duty. In my own house there are hundreds of trees; how will you realise the duty? Some are plucked in an unripe condition and there are people who take unripe betelnuts. I say the administration of this duty will be far more difficult than the administration of the duty on tobacco. As regards the tax on tea, apart from the merits of the duty, as regards incidence, what is the price of a pound of tea sold now in the internal market? It is 4, 5 or 6 annas. And the proposed taxation is 2 annas per pound. It is extremely exorbitant, and on these grounds I oppose the Finance Bill.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Shrimati K. Radha Bai Subbarayan (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): Mr. Deputy President, Sir. Watching the proceedings of this House during this Session with an attentive ear, it is obvious that the British policy is characterised by a marvellous gift for creating monsters for their own ends and then starting wars to destroy them when they become recalcitrant. They created Hitler and when he defied them they busied themselves with a war to destroy him demanding from their subject India a large share of the sacrifice in their noble work. They created the Jap Imperialist and when he joined hands with his brother Hitler they determined to fight him and again slave India had to offer her blood and money to save herself and the country from the hands of this brute also. But their latest creation is within our own shores an elusive demon who glories in the name of 'inflation'. And now to fight this monster also the Indian people have to suffer. In order to achieve victory their hardships and their miseries have to be increased. So it follows, Sir, that in the British pursuit of creating and destroying monsters, India has to be trampled down and bled. But it is all done on principle and for the good of India. This is the impression that one gets if one thinks honestly and believes in calling a spade, a spade.

High finance itself is liable to be alarming and along with inflation it becomes frightening, but the measures that have been suggested by different authorities for fighting inflation, I think, will bewilder even experts. The Honourable the Finance Member very kindly in simple language tells us that whatever brings money to the Government is anti-inflationary. He and his colleague, my Honourable friend the War Transport Member, are, therefore, agreed that they should save people from the temptation of dropping money into the coffers of Railways especially as they have purchased two more Railways. The House must have heard that the Governor of Madras has a great plan. He has increased the sales tax and in order to enable the people to drink less of the double-taxed tea and coffee and to forget all the distress that is caused by the taxes he has ordered that more toddy and arrack shops should be opened. But the most novel idea struck the Honourable the Finance Member himself. When he was driving along in his stately car, the little flag on it telling everybody that he is going to "Exterminate Congress," his greedy eye happened to fall on the humble *supari* of the poor woman on the road-side. He at once decided that he would fight inflation by placing the *supari* out of the reach of that poor woman by raising it to the status of a taxable commodity. But to crown all his measures is the bankrupt's remedy of Prize Bonds. How desperate must indeed be the condition of the Government to raise revenue by taxing the poor woman's *supari* and by exploiting the human weakness of gambling with the dazzle of lottery! Never in the history of India—chequered though it be—has any Government dreamt of such measures. It was left to the present Finance Member to create startling precedents. Muhammad Bin Tughlak must be turning in his grave with envy that he has been surpassed after so many centuries.

The Honourable the Finance Member admits that inflation cannot be cured without the co-operation of the people—I hope I am correct in interpreting the Honourable Member's statement. Does he honestly believe that this Budget will rouse the people—capitalists, landholders, workers, peasants, professional men, every man, woman and child—to line up behind the Government and save the country from all the economic epidemics that the Government have let loose in the country? I was wondering whether my Honourable friend, Sir Frederick James, was supporting the Government in the hope that the Grand Trunk Express would be more efficient as it would be run

entirely on State Railways. But he told us that he and his Group support the present Government of India because they are also a group of individuals who are determined to prosecute the war to the maximum of their ability. The Honourable the Leader of the European Group exhorted the Government to become proficient in the art of salesmanship, not that anyone can doubt the horn gift for commercial success of a nation of shopkeepers. But the presence of ten little Indian boys among them might have caused him some anxiety. The question, however, before this House is whether a successful salesman can make an efficient and honest statesman even to win the war. May I ask the European Group whether they really believe that this Budget will achieve the purpose for which they are supporting the Government? Will it create that confidence in the masses about their well-being that is necessary to make them line up behind the Government to win the war? They all know that it will do nothing of the sort. But they will put the blame on the Congress for their failure as they do for their inability to arouse enthusiasm for their ridiculous prize bonds. This Bill is, in the opinion of anybody who can think seriously without being captivated by the glamour of the Government Benches, the Bill of a bankrupt Government which has lost confidence in itself and does not enjoy the confidence of the people which it tries to govern. It is a Bill which would be fitting for an enemy of the Government of the country to present to the country. The most sinister of Tojo's agents could not make a better propagandist in the country to ruin the efforts of the Government to win this war than this Bill does.

The reason for this Bill defeating its avowed purpose is the policy lying behind it. It is not the economic or the financial crisis that is worrying the Government. It is the political situation that they are concerned about. It is their determination to refuse the Indian nationalist demand for freedom to fight for their country and to save their country from falling into the hands of brutal invaders. It is the deadlock policy which seems to be perpetuated now with the seal of the new Viceroy. It is the reflex of the diatribes against the leaders of the people by Amery in England and his agents in India. It is the reflex of the policy typified by the Honourable the Home Member under the Defence of India Rules. The treatment of that stalwart champion of freedom, my leader, Mrs. Sarojini Naidu, proves that the policy of Government is to prevent unity of the people, to deny freedom and to continue repression. It is apiece with the arrest of Congress leaders in August 1942 by which the Government deliberately precipitated the crisis. They were afraid that the efforts of Congress-League unity would be successful, as a united India is a nightmare to the British. Even the other day we could see uneasiness in the European Group when they smelt the small beginnings of it in this House. They therefore continue to scourge the Congress and kick the Muslim League and try their best to sow dissension between the Congress and the League. They do not want any co-operation from the people as long as they have a few individuals who will allow the old ways of exploitation to be continued ruthlessly and who will be their mouthpiece when necessary to abuse the national leaders of the country.

It is exploitation, Sir, which makes them draw a heavy screen over their administration. Close scrutiny might lead to exposure which might shock the world and throw them out of their seats. A particularly heavy *purdah* has been placed against Defence, which has become a much more of a touch-me-not and see-me-not subject than it was before the war. The Government has been silent, for instance, about Indianization of the Army, and it is not clear why the Government should continue to have a large section of the British in the Indian Army even when 2,000,000 Indians have been drafted into the Indian Army, and there are, moreover, British and American regiments stationed here for war purposes. There is no information about the progress made in the Indianization of the officer ranks. I believe a committee was appointed to examine this question and instead of speeding up the work of this Committee when war began, they put it into cold storage. My Honourable friend, here,

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tells me that the Indian Officers are only 10.5 per cent. Is this how the Government are going to develop a National Army in India?

The Government are prolific in their verbal expressions of appreciation of the skill and courage of Indians on battlefields but no positive proofs have they yet shown of their sincerity. When Indians in the Army have proved themselves capable of fighting successfully even on unfamiliar ground and against a highly trained and well-equipped enemy, surely the British cannot plead that they are obliged to keep foreign armies here on the score of efficiency and experience. Also, as you, Sir, pointed out this morning, what is the reason for sending our troops abroad and bringing in foreign troops to defend our shores? Apart from the extra expenditure involved in this policy, why should our own people be denied the precious privilege of defending their own country and building up high military traditions in their own land. I think, Sir, the House will agree with me that the reply of the Honourable the Finance Member on this point was halting, vague and weak, and I think we can surmise more from his reply than he would like us to know. Are the Government afraid to have an Indian Army in this country, without counterbalancing it with British regiments? The British authorities have declared that India will have freedom after the war is over. If they are really in earnest about it, they must now develop a national army. My Honourable friends, Dr. Ambedkar, Sir Ramaswami Mudaliar, Sir Sultan Ahmed and Sir Cowasjee Jehangir will remember that at the Round Table Conferences the main argument that was put forward for insisting that defence and external affairs should be reserved subjects, was, that India had no national army. I should like to know if my honourable friends in the Government have assured themselves that this same old argument of the ancient Round Table Conferences will not be trotted out when the time comes for implementing the pledges that are now being given about independence, especially since they believe those pledges.

Another subject on which the Government of India seem to be silent is that of social security in India. The British Government, who, we are told, are conducting a great world war, seem to be able to give time and thought to the details of their policy on what is known as the Beveridge Plan for social security in England. But the Government of India have not yet indicated whether they have in view any scheme for social security which will be welcomed by the people. Past experience makes us surmise that the reasons for absence of this information is that the so-called post-war reconstruction planning is a joint effort of the British Government and their agents here to accelerate the exploitation of this country in order to ensure social security in England. The working classes in England are awake now and they disturb the peace of mind of that little group of people who are behind the Government as the 200 families in France were behind the Daladier Government. That vigorous writer, Douglas Reed, refers to them as "anonymous" or "Anon", and I think they correspond to that small exclusive community here called the European Chamber of Commerce. In order to pursue their common policy, which, in the words of the same writer, is, "come war, come peace, come victory or defeat, I shall get my money". . .

Mr. T. Chapman-Mortimer (Bengal: European): No excess profit!

Shrimati K. Radha Bai Subbarayan: These two groups are obliged to pacify the working classes of their country and this, of course, must be done at the expense of their subject people, whom they can easily silence and crush. But there are signs that the British people in general, including prominent parliamentarians like Sir Richard Acland, are gravely concerned about the state of affairs in the world. Skipton has shown that they do at heart realise to what extent their Government is responsible for the miseries of this world

and certainly for the sufferings of the people of this country. Searching questions such as these are being asked at meetings and in the press. The following appeared in the *Spectator*, dated the April 9th, 1943, nearly a year ago:

"Sir, on reading your article under this head certain questions spring to one's mind, indeed, the leader in the *News Chronicle* of April 2, suggests that they may disturb more Britishers (not to mention Americans) than you appear to think. Here are some:

1. Is it British to publish and to discuss in Parliament an indictment of a man in confinement with no opportunity of facing his accusers or of answering the charges?

2. Is it cricket to judge (and condemn) a man on excerpts taken from his sayings and writings on various occasions and relating to different circumstances? Equally, is it right to condemn a man on an assertion served from the conditional clauses which govern it?"

The Honourable the Finance Member states with vehemence that Members of this House should not criticise an officer who is not present here to defend himself. And yet, he and his colleagues malign the trusted leaders of the people and level charges against them while they keep them in strict confinement without trial! What is the real reason for this? They know that their accusations are absolutely false and are used in an attempt to delude the world, but a Government, which understand the mysteries of the philosophy of the ostrich, do not realise that they delude nobody but themselves. The effect of such a policy is the reverse of their purpose, as is shown by this letter and by the recent elections in England:

"3. Can Indian leaders fairly be expected to put up any promising proposal if they are not only prevented from intercourse with those who are confined on account of their wide influence, but are also refused an interview by the Viceroy?"

It would be interesting not only to this country but also to their own country if the Members of Government reply to these questions:

"4. Can Britishers feel comfortable about a situation in which our firmest friends are the autocratic Princes, and our opponents—rightly or wrongly—are those who are struggling for the full freedom now which we have taught them to love these last hundred years?"

5. Is sabotage in India, carried out by Indians as they believed for freedom's sake, different in kind or intention from sabotage in European countries overrun by Germany?"

6. Is not the Christian Church in India right and reasonable in urging that, with a view to future good relations between Britain and India, Christian statesmanship consists in seeking a way of negotiation rather than in sitting down before a political deadlock and just getting on with the war?"

This letter is signed by G. E. Hickman Johnson, "White Shack", 12 Oakley Road, Worlingham, Surrey; it is not an anonymous letter.

I shall just refer to the last question. Christianity has become such a convenient creed for the British Government that if Jesus Christ should come back to earth today he would not believe that he gave it to them. The best exponent of it is the champion of Christianity, Lord Halifax, who was formerly busy with the Munich Pact, and is now occupied in refloating the sunken ship of British Imperial Federation.

The Honourable the Finance Member in his isolation from the people is quite content even if he cannot get the support of the people, as long as he can grab their money and men to fight his country's war. If mere men, money and arms are sufficient, the mighty British Empire should have won the war long ago. But what has the world seen during the last five years?

Mr. T. Chapman-Mortimer: We have won it now.

An Honourable Member: Never mind.

Shrimati K. Radha Bai Subbarayan: I know it is painful to you . . . (Interruption.) Even if it is not painful to you, it is painful to me, because I expected bigger things from the British in this war.

Mr. P. J. Griffiths (Assam: European): Thank you.

Shrimati K. Radha Bai Subbarayan: Instead of getting enraged when reminded of Dunkirk, Malaya and Burma, they should benefit by the lessons from those failures. There would be no need to revive their memory about them if they should show any sign that they have taken these lessons to heart. But their rage is an effort to suppress their consciousness that they are pursuing a wrong policy in India. They do so because of their implicit faith in their luck and their capacity to blunder through it all to victory. It matters not to them if in this long process of blundering through towards victory, millions of young men are slaughtered on the battlefield or become wrecks in the prisoner

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of war camps, if whole territories are ravaged by their enemies, and men, women and children die in millions through starvation and disease in their subject countries. This callousness is exhibited in speeches and the press by the British in India. When in the anguish of our hearts at the misery and suffering in our country we warn them sternly to change their policy, they accuse us of being inspired by racial and party rancour because some of our people are imprisoned. They magnanimously admit that "existence under present deprivations for these people is not pleasant". Persecution and imprisonment of subject people in the opinion of our rulers amount only to unpleasant deprivations! Is it generosity or racial contempt for these subject peoples that makes the British gibe at their victims? Where are Mahadeo, Satyamurti, Johri, Mata Kasturba, and hundreds of others whom they incarcerated? Do they exist? Is it sympathy or vindictiveness, that makes the British refer so lightly to them?

The British in India in their luxurious mansions in an exclusive world of pleasure, exclaim surprise that India is lucky that five years of history's worst war has left her comparatively scatheless. Sir, the whole world has been deeply moved by the famine and its terrible consequences in India. But evidently the British in this country who speak or write in this manner are not perturbed by them since their vision hardly ever descends on the lowly and the depressed. Are not the sufferings of millions of people and desolation of their homes, far worse when caused by the inefficiency and callousness of their own Government than when the destruction is due to bombing by enemy during a war? The fact is that they are conscious that their Government in India have declared war on the people of India by imprisoning their trusted leaders.

Another charge against us is that we do not sympathise with the Britons in our midst in their anxiety about their loved ones who are either maimed or lost on the battlefield or through bombings. The human heart is the same all the world over. Neither race, creed nor colour can affect it. We in India do deeply sympathise with the people not only of England, but also of the enemy countries, for all their sufferings, for the desolation of their homes, for the gaps in their homes which perhaps will never be filled and for the homes that they may never recover. It is only when the heart is hardened by Imperialism and racial arrogance that it fails to beat with sympathy for the sufferings of the people outside their own race in a subject country. This section of the British forget that Indian homes and hearts are also saddened with heavy anxiety and sorrow for their loved ones away at the battlefield, although reference has been constantly made to the great part that Indian troops have played in North Africa and Italy. Perhaps they forget that these troops are not mere instruments for fighting battles to maintain Britain's supremacy in the world, but are human beings who are loved and cherished by their parents and their kith and kin. Perhaps the Indian Government too do not realise this and imagine that the Casualties Section of the Defence Department to which my Honourable friend, Sir Yamin Khan, referred this morning, is a 'non-essential' one and keep it on the distant heights of Simla.

It has become a habit with the British to give us the pompous warning that the Congress alienates the progressive-minded Britons and thrusts them into the arms of reactionaries which may have big political consequences and lose us the precious Indo-British amity. Who are these progressive-minded Britons who do not appreciate the demand of the Indian people for freedom which the British themselves proclaim they are fighting for? This weapon has been waved too often and does not frighten even the most ignorant. The tragedies of Malaya and Burma stare us in the face. Into whose arms have these people fallen and who thrust them there? A Britisher, a responsible writer and thinker, Mr. Ian Morrison, the representative of the *Times* in Malaya writes the following:

"The British, so it was universally held amongst Asiatics, had rattled out of Penang, had thought of saving no skins but their own, and left the Asiatics to their fate at the

hands of the Japanese as if they didn't give a damn what happened to them, had not even told the Asiatists that they were leaving but had suddenly legged it as hard as they could. I do know that three senior members of the Malayan Civil Service felt the disgrace so deeply that, after Penang had actually been occupied by the Japanese, they petitioned the Governor to be allowed to proceed to Penang as an act of restitution to the native populace."

In April, 1942—I am very sorry to have to refer to these things—the people of my province witnessed how the instinct of self-preservation helps the British to vanish from a subject territory without even the enemy appearing on the scene or firing a single shot. The whole Government disappeared out of the city into the interior on the mere rumour that enemy ships were off the coast. The Honourable the Finance Member states in his Budget speech that my country is prone to rumour and panic! Mr. Morrison in the same book observes:

"Penang was a major scandal. But the outcry which it provoked was not without some useful results. It brought home to the British officials and residents their sense of responsibility to those native peoples whom they purported to govern and with whom they lived and worked."

Perhaps this able writer is not acquainted with the British officials and residents in India. I am reading from a book called 'Malayan Postscript' by Ian Morrison. I thought the Members of the Government of India would have read it.

An Honourable Member: They have proscribed it. They are most ignorant.

Mr. Abdul Qaiyum (North-West Frontier Province: General): They refuse to learn.

Shrimati K. Radha Bai Subbarayan: The American War Correspondent, Alfred Wagg, in his book "A Million Died", while discussing the causes of the fall of Burma states that the opinion of impartial observers was that to the ordinary Burmese, Government meant taxation for which they got very little in return and that the Government of Burma failed to earn the respect and gratitude of the people by conferring material benefits on them. What is the Government of India doing today? Far from conferring material benefits, they are making existence itself increasingly difficult to the people in general. In Britain, in spite of all the privations of war, the Government provide weak children, expecting and nursing mothers who are very poor, milk, eggs, cod liver oil and orange juice free. Here in India, the Government with ten Indians in it, not only fails to supply such people in India with even minimum sustenance, but is very happy along with its supporters to tax even the very little that was within their reach. The Honourable Members of the European Group are so greatly moved by the sufferings of Bengal that they ask for generous help for Bengal from the Central Revenues to which they themselves would rather not contribute their rightful share of their coal profits. What remarkable sympathy!

Malaya and Burma were comparatively normal when they suddenly collapsed; but India is in a terribly sad state now. I dread to contemplate the consequences of the British policy in India, which takes no heed of warnings of the conditions in this country. Cheap gibes such as those of British non-officials and the Members of the Government and their supporters against the Congress, the Nationalists or the League can blind no one but themselves to the gravity of the situation. If the dreaded worst happens, because of the isolation, ignorance and inefficiency of this Government, it is not the Congress which will go into the wilderness for refuge from the enemy. Congress is not afraid of suffering, and will fight for freedom, and attempt to save the country, and even die in the attempt. With our sacrifice we will save our country. This is our land and we have no place for retreat. We shall fight the invader to our last drop of blood.

Sir, the cut motion on Monday last was to express no-confidence in the Government and not in the Congress. I waited patiently through all the diatribes that were hurled against the Congress by the spokesman of the Government, to hear some little argument to justify their continuation in office but the only defence that was put forward was from the European Benches and what a weak one it was! None could even try to convince that the expansion of the

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Executive Council was right and had benefitted the country. Abuse of the Congress does not prove that the Government is in the right and that its policy has been in the interests of the country. The Congress Party is responsible not to the Government but to the people of the country. If the Government really believe that we are unworthy to voice the feelings of the people, then they have only to adopt the straight and honest course, namely, to ask the people to give their verdict on the issues that are before the country. They dare not do it. They killed our Deputy Leader, Mr. Satyamurti. What was the result in the bye-election in spite of the restrictions that they put on the Congress candidate and his supporters and all the facilities that they provided to his opponent?

A million speeches from Congressmen, whether they be inside the House or outside, even those insinuated and quoted out of context by the Government against leaders like Mahatma Gandhi and Mr. Jawaharlal Nehru, would not rouse popular resentment and bitterness against the British people as the policy of the Government itself and the statements of their spokesmen do. The outbursts from the Government Benches remind one of the reports of speeches of Hitler and Goebbels against the Jews. But even Hitler spares the Jews the intense pain of seeing some of their own clan being the gramophones of their persecutors. My Honourable friend, Sir Frederick James, I am sorry he is not here, remarked in this House that some words of encouragement should go out to the Indian defence services from all parties of this House. Does he and his Group honestly believe that the speeches of the Honourable Members on the Government Benches last week would cheer up any Indian, especially Indians who offer to sacrifice their lives for the freedom of their country and the world? Do they honestly believe that such speeches will hearten the parents of these youths or will encourage other parents to send their youths to join the army?

The expansion of the Executive Council with ten Indians calculated to throw a popular element in the Government has really created more leaks in an already leaky boat and they cannot successfully plug them with abuse of nationalists. They splash their oars wildly and the big noise that they hear they mistake for progress and imagine they are pushing the boat ahead, but they do not know the simple art of rowing. Their boat remains stagnant and leaks frightfully. It is bound to sink from its own rottenness. Is the fate of this great country with 450 millions to depend on such a Council when a brutal and powerful enemy has actually entered her door and a starving population is inside? Watching the tragedy of Burma, Alfred Wagg remarks:

"The real meaning of war and the real issues at stake were never put to the Burmese by their own leaders. When, therefore, the Japanese came along with their calculated promises of Independence, they had found fruitful ground on which to work. British propaganda was poor, hesitant and negative."

Have my Honourable friend, Sir Frederick James, and his Group, who are impatient to win the war, given any thought to lessons from the fall of Burma? They may point out that they have not only their Honourable colleague from Assam but also some Indians to present their case to the Indian people. But they forget that unfortunately their erstwhile friends the Japanese have followed their example and they also have Indians to speak for them. Considering the whole position now in the country, there is no doubt that it is only a national government on whom the people can rely for spending *every pie* of the revenues of this country in the interests of India and India alone, that will rouse the people to line up behind the Government and save their country. Past grievances, real or imaginary, entertained by political parties inside this House and outside, or by the Government must all be forgotten by all sides, because the task that lies ahead of us is a stupendous one and it wants the united effort of all the people who are living in this country.

I am convinced that I shall be failing in my duty to myself as a citizen of this land, to my constituency and to my country if I support this Bill and thereby increase the distress and danger to the people and relegate to a distant

date the freedom, peace and happiness of my country. I assure my Honourable friend, Mr. Jamnadas Mehta, who I am sorry is not here, that it is because I am convinced that no Government which has not the people behind them can save our country from the fate that we all dread, that I cannot support the Bill. I hope he will see and understand this point of view. It is because we want to prevent our country from being ravaged by any enemy and because we want to end the war successfully and as speedily as possible and avoid unnecessary bloodshed that I request them to remember the message of Pandit Jawaharlal Nehru. He said:

"That the way to fight a war is not the lackadaisical way of the Viceroy's House and the Government of India. If there is a National Government, everybody will have to work or get out. It is not an evening dress war. It is work, work, work. Those who sit to dinner in evening dress at 8-15 are not going to win this war."

Later on, he said:

"If today a National Government of India said, 'We are going to arm the Indian people. We may not have the best of modern arms, aeroplanes, tanks; but we are going to arm them with such guns as we can make', think how the world situation will change; what reaction it will have on Germany and Japan and also in the Allied countries."

This is from the statement that he made to the Press Conference soon after the failure of what is known as the Cripps Mission. I trust all the Honourable Members will remember what he has said and do the right thing with regard to this Bill.

Sir, I oppose the Bill.

The Honourable Dr. N. B. Khare (Member for Indians Overseas): Mr. Deputy President, Shakespeare has said: "All the world is a stage and each one of us must play the part assigned to him by the All World Director." It was not long ago when I was a member of the Opposition Benches and used to criticise the budget in the self-same terms as they are doing today. Perhaps I was doing a bit better than they are doing. I used to call this Indian Finance Bill the Indian Fleeing Bill. I used to call this occasion as the occasion for Shraddh for the departed glory of Mother India. I then belonged to the party, if I may say so, of irresponsible Oppositionists. By the word 'irresponsible' I do not want to convey any bad meaning. According to me, the word 'irresponsible' is a very respectable word. My idea of the word 'irresponsible' is this. When a person belongs to a party or parties which, under the constitution, can never hope to take upon himself or themselves the responsibility of administration, then he naturally becomes irresponsible because he can never hope to gain the responsibility. So, if they have got their grievance and if they make criticisms which show their grievances, I can understand them. I am not irritated at all, I can even go so far as to say that I can appreciate them. So, from that Party of "irresponsible opposition"—the word 'irresponsible' meaning what I defined just now—I have migrated to the Party or to the Bench of . . .

Mr. Sami Vencatachalam Chetty (Madras: Indian Commerce): Another set of irresponsible Members.

The Honourable Dr. N. B. Khare: I have migrated to the Bench, if I may say so, of irremovable executive, and I must play my part. Surely, if you attach any bad meaning to the word 'irresponsible', I will join issue with you, but if you give it the respected and the dignified meaning which I gave, then I will agree with you. We are not responsible in this sense that we are responsible to the Legislature. I frankly admit that we have been appointed by His Majesty the King and we have come here with open eyes knowing full well all the limitations under which we function. If we have done so, I do not see why my Honourable friends opposite should make a grievance of our action and blame us and curse us with all the invectives at their command.

We are functioning here under the Act of 1919, and if we are doing so on the promptings of our inner voice, I do not know why there should be any cause for our friends opposite to cavil at us or curse us. If I mistake not, the programme of my Honourable friends opposite is the programme as dictated by their bosses which asked them "to do or die". That phrase is now well known, every one knows it and remembers it. Sir, what do I find today? My Honourable friends opposite are dying on those comfortable cushions. This is joking. Jokes apart, if their inner voice prompted them to come back here after 1939 and

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occupy these Benches in utter disregard of the mandate given to them by their bosses, they are entitled to do so as the promptings of their inner voice. If our inner voice prompts us under the conditions in which we find our country to come here and do our bit according to our own lights, how are we guilty?

Mr. Sami Vencatachelam Chetty: Cheerio! Go on!

The Honourable Dr. N. B. Khare: The fact of the matter is that criticisms levelled at us are due in a sense to the feeling of frustration which has run riot in the whole country. I admit that. But if a searching analysis is made of the causes that led to it and the policy so far followed, I mean the political policy of my friends opposite coming from their bosses, one can easily say with relevancy that the sense of frustration from which they suffer is more or less due to causes which were the result of their own actions.

Sir, on 3rd September, 1939, the day on which war was declared, I happened to address a public meeting in Nagpur. I am an old Congressman myself, of course, of the protestant variety and I know all the resolutions against the war passed by the Congress. I was a party to them and yet on that day, 3rd September, 1939, I publicly declared that in spite of all our differences with Great Britain—and they are many, and we cannot forget them—we must try our best to do our utmost to take part in this war and do all we can to bring it to a victorious conclusion. I had said at that time that this war will be the gravest of all wars, that new techniques will be employed and India's frontiers, both on the north-west and north-east will be in danger. This was said on 3rd September, 1939. I openly said at that public meeting that in spite of all my previous reactions, it would be in the interest of India and it would be to the advantage of India to wholeheartedly support in the war efforts in spite of all our differences with Britain. We may square them out afterwards. I said so after giving my most anxious consideration to the situation as it then existed and I do not regret having said so. This has been my attitude, right or wrong, and it was prompted by my inner voice all along.

In spite of all that, in November 1939, the Ministries which were functioning in the Provinces were made to resign. As soon as the war was declared it was openly said by so many Congress bosses that although they passed resolutions of an anti-war character, and they were still there on paper, yet they said that in this war, "of what avail will freedom be to India, if France and England go down and if Westminster and Paris are bombed their heart will begin to bleed". They also said that from an international point of view, they must support this war. Sir, if there is anything like intellectual honesty, then those pronouncements should have been followed to the very letter. I do not want to go into all the details that transpired afterwards. They are public knowledge. I only say that that policy should have been followed in pursuance of intellectual honesty. But the Ministers were made to resign and then all sorts of things happened and ultimately the whole thing led to August 1942 affair. I was surprised to find the other day a speaker from the Benches opposite—I think that Honourable Member is not there now—laying the whole blame at the door of Mr. Amery for giving out this sabotage programme as the Congress programme.

Nawabzada Muhammad Liaquat Ali Khan (Rohilkund and Kumaon Divisions: Muhammadan Rural): He was probably meaning junior Mr. Amery.

Mr. Abdul Qayyum: Probably a swadeshi one.

The Honourable Dr. N. B. Khare: He said the Secretary of State, as far as I remember. I do not know whether that was so or that was not so. But my Honourable friend made an admission that in pursuance of the declaration made by Mr. Amery, or alleged to have been made by Mr. Amery some Congressmen followed that programme. Now, Sir, is it not funny, is it not a strange thing that those who call themselves politicians are making that admission and swearing that those politicians took the cue or that they followed the programme dictated by their opponents or adversaries and yet call themselves wise? I say such an argument beats me absolutely. I am absolutely certain that if such be the politicians that want to rule the country, then woe unto the country. If I may say so, it will be the greatest misfortune to the country. Therefore the

result was that this bungling took place, these Himalayan blunders were committed, perhaps blunders taller or higher than Himalayas, people going into jail and coming out of jail. After all in spite of the direction they got not to attend this legislature, they have come here. I congratulate them for the strength of mind they have shown in disregarding the direction. I do not cavil at them. I am simply describing to the House the process through which they all went. I congratulate them on the fact that once in their lives, they have allowed their inner voice to prevail and not stifled it to the dictates of others, however high they may be.

Pandit Shambhudayal Misra (Central Provinces Hindi Divisions: Non-Muhammadian): But we did not cross the floor like you.

The Honourable Dr. N. B. Khare: Don't be peevish. When you were speaking we kept quiet.

Therefore, Sir, this frustration has engendered in the minds of my Honourable friends opposite, this policy of cynicism. They want to bite at everything. I do not cavil at them: I am sorry for them. The result was that they were indulging in the play of the season. The budget and the Finance Bill usually fall in the season of spring or the *Holi* festival; and, as all Indians know, it is an occasion for playing *holi* and *gali* (abuse). They indulge in abusing us to their hearts' content; we enjoy that abuse. They throw at us their "sainted" bouquets; I would give them in return scented bouquets. Their attitude can be described in the words of a Mahratta maxim: *Ashaktam durjam gandyam kurra*. The translation is, "A weak, wicked, defeatist and insolent policy". Now about the bouquets they have given us; they say we are traitors. I should like to ask them one question, with your permission. If they come here and sit in this House in utter disregard of the commands given to them and yet call themselves patriots of the first water, can we be called traitors if in the difficult circumstances which prevail in this country and the most unfortunate things happening here, we come here, with similar promptings of the inner voice, and try to do our duty to the best of our lights? Then they call us corrupt. I do not know if they refer to us individually or not, but I know that in every country in the world and in every Government some kind of corruption always prevails. And Government should try and are trying to combat it, check it and eradicate it. But may I ask them if a certain person defalcated a huge sum of money from the funds of the All-India Spinners' Association, there were lots of wailing and grousing and grumbling in the Papers from the highest quarters but the man's name was never disclosed and he was never handed over to the police. It is a fact and I can challenge any one to disprove it.

Then, Sir, when I was functioning as Premier of the Congress province of the C. P., I was thrown out because I could not tolerate corruption. When we are charged with corruption by such people it passes my comprehension how they can do it.

Then, Sir, it is said we are inefficient. For efficiency there is no yardstick; it depends on what we can and should do within our limitations. All I can say is that we are trying to do our best to do what we can. There is one special thing here. An Honourable friend opposite made a differentiation between the European Members of the expanded Council and the Indian Members. I was surprised to find him do so; but on second thought I thought he was keeping up the tradition of his bosses. As a member of the Congress I know that when the meetings of the Working Committee were held the Congress bosses used to welcome and treat with favour all the European journalists and the Indians were kept aside. Then my friend, Mr. Rajagopalachari, the *ex-Premier* of Madras used to announce

Mr. Sami Vencatachalam Chetty: Sir, on a point of order, may I know how all these charges and incoherences are relevant? It is certainly not the Finance Bill of the Indian Congress which is before the House.

Mr. Deputy President (Mr. Akhil Chandra Datta): Apart from strict relevancy, unfortunately this thing has been going on.

The Honourable Dr. N. B. Khare: A Daniel come to judgment!

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Sir, Mr. Rajagopalachari used to say publicly that the European members of the I.C.S. were their crotons to be tended, nurtured and well looked after and kept in the shade and the Indian members were shrubs who can go anywhere. So, my Honourable friend is following the tradition laid down by his bosses; I am glad he is doing it.

Then, Sir, the Congress people never hate anybody; they love everybody, they love me and every one else. Theirs is an all-pervading love. But their love is of two kinds; one is the rose-petal variety, the other is the flint variety. They shower the rose-petal variety on my European Colleagues here and the flint variety on poor Indian devils like me.

An Honourable Member: You have got a rose in your button-hole.

The Honourable Dr. N. B. Khare: That is not given by you; it is my own.

Sir, in spite of all that they say it is a fact that they have always got a negative policy, and while the country is burning they are spinning. We have got a positive policy and we want to do whatever constructive work we can. We may fail or succeed; judge us by our action. You must remember that on account of the war efforts which have since developed and the action of the Government of India, this country which was a debtor country has now become or is becoming fast a creditor country. No one can deny that, not even they. Besides that, on account of the war and the policy followed by this inefficient Government, the country has made great progress in industrial development. There is a Paper in Calcutta called the *Lokamanya* which is a premier daily and weekly with nationalistic views. It has sent me a letter from which I will read four or five lines. I do not give a certificate to myself but this is what they say:

"We have noticed the tremendous industrial progress of India since the outbreak of the present war and as such we have thought it proper to bring out a special issue in the first week of April next entitled 'War and Industries'."

It is not on the 1st April but in the first week of April!

Besides that, the country has been militarised. You are, of course, entitled to say that it is not a voluntary but a mercenary army. That is a matter of opinion. But the fact remains that this country which did not know anything about war, which was on account of political and other circumstances deprived of all knowledge about war, has been perforce militarised with more than two million people knowing how to bear arms and trained in all sorts of modern warfare. No one can deny its significance. After all the cry for Swaraj is useless unless you know how to defend your own country. Then, Sir, this war has necessitated the giving of technical training to about two lakhs of Indian youth, which will be of use in the post-war period. That knowledge will not be lost. I will not go very much into details; brevity is the soul of wit. Besides that, there has been an expansion of markets and we are trying our best to go from poverty to prosperity. We may succeed or fail; judge us by that.

Sir, my friends have been described as high-minded and men of great capacity. I have no doubt at all about their capacity, but they should not be satisfied by merely being described as high-minded. They must show that they are high-minded. When their *Raj* comes it will be called *Ram-Raj*. I may remind them of the behaviour of Rama with his brother Bharata. The story goes that when Rama had to go into the wilderness for 14 years to fulfil a high purpose, naturally his younger brother Bharata had to administer the country during his absence. He did so, much against his own will; with great reluctance he had to do it. After fourteen years of exile when Rama came back and became the King of Ayudhya he did not hate his brother who ruled the country in his absence; he loved him. We are Indians—you are elder brothers and we are your younger brothers—and we are administering the country in your absence. Why do you hate us? You should behave like Rama if you want *Ram Raj*. Don't curse us. In spite of all that we are told that cheap gibes do not cut much ice. May I also say in retort the same thing that their cheap gibes do not cut much ice; nor can the silvery siren voice be a substitute for logic.

Then, Sir, they say that they are not afraid of suffering. I honour them for that. After all, nothing can be gained in this world without suffering; I grant that. But, Sir, why so many applications for release, parole, for preferment,

for A class, B class, this and that. And then they are going to oppose this Finance Bill. Why? If these applications are to be dealt with properly by the Government, there must be a Government to function with the necessary finances. Therefore, I say what is the good of throwing out this Finance Bill.

There are some people who likened us to *chaprasi*. I am not surprised because some Honourable Members from that side always ask questions about *chaprasi* and *chowkidars*. They are always obsessed with the ideas of *chaprasi*, and therefore I am not surprised. I can tell them this once and for all; that you own a house and you have got a *chaprasi* also as your servant. If the house is in danger of being attacked and if you desert it and go away sulking and spinning and do not defend it and if the *chaprasi* defends it in your absence, who is more honourable?—*chaprasi* or yourself?

An Honourable Member: All honour to you.

The Honourable Dr. N. B. Khare: Then, Sir, there are some people who want a division of the country into separate independent States and also they want a paramount power functioning at the Centre to protect them both against one another and against any outside aggression. If it is their desire, or demand, or ideal, then why should this Finance Bill be thrown out? It is exactly what they want.

Nawabzada Muhammad Liaquat Ali Khan: Who are those people?

The Honourable Dr. N. B. Khare: You can imagine yourself; anybody may wear the cap if it fits him.

Nawabzada Muhammad Liaquat Ali Khan: I cannot imagine that there are any idiots like that.

Mr. Jamnadas M. Mehta: Read the report of the *News Chronicle* interview of your leader.

Nawabzada Muhammad Liaquat Ali Khan: Try and have some intelligence.

The Honourable Dr. N. B. Khare: In his speech yesterday my Honourable friend from the Muslim League Party said something about Haj. I am concerned with that and I can assure him that I shall do all I can to facilitate arrangements for Haj.

An Honourable Member: But there is no time left.

The Honourable Dr. N. B. Khare: The next Haj is to be observed on or about the 26th of November and it is too early to say now what conditions would be like during the next season, but I want to assure the Honourable Member that the Government will spare no pains to facilitate the next Haj pilgrimage. I have also appointed a Pilgrimage Officer—of course the job is temporary, but I soon hope to make it permanent—and I have noted all the grievances that have been expressed yesterday. I will do my best.

Mr. Abdul Qayyum: Will you go and perform Haj yourself?

The Honourable Dr. N. B. Khare: Sir, I have nothing more to say except a few words about South Africa. We are trying to do our best within the limitations. In this connection I will quote a well-seasoned politician, who is no less a person than Mr. Chamberlain himself—the late Prime Minister of England. In one of his speeches he said:

"There is no subject which is calculated to arouse ill-feeling in any country more than the statement about ill-treatment of the people of their own race in another country. That is a subject which provides the most inflammable of all materials—materials most likely to cause a general conflagration."

Sir, I agree with Mr. Chamberlain in this matter and I hope that responsible world politicians will ponder over these wise words and take the necessary lesson.

Mr. T. Chapman-Mortimer: Mr. Deputy President, after listening to the brilliant speech from the Government Benches, I find it a little difficult to come back to the more mundane subjects with which this Finance Bill deals. Unfortunately, it must be done and there are a number of aspects emerging from this Bill with which I should like to deal. Before the Honourable the Finance Member introduced in this House the Finance Bill in which he has embodied his Budget proposals for 1944-45, there had been a general expectation throughout the country that a very heavy additional burden of taxation would be

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imposed. Well, Sir, these expectations have proved correct. A heavy additional burden, of no less than 23½ crores is imposed under this Finance Bill and some classes of taxpayers will be affected—some more and some less. Some of these will be people who hitherto have not suffered from taxation. Others will be those who are already enduring a heavy burden. But speaking generally, I think it is fair to say that the Honourable the Finance Member sprang a surprise on the country, and in particular on the market; and the burden he has sought to lay upon us is one which has been imposed on the shoulders of those best able to bear it. Those who have seen and read the reports of the various financial journals and the financial columns of the daily press, will I feel sure agree with the view of *Indian Finance*, that “despite the additional tax burden, there has been a general feeling of relief”. That, Sir, I am sure is the view of a very large number of people in this country. They had been expecting a very much heavier burden than has been imposed and there is undoubtedly a general feeling of relief that the burden has not been worse. Nevertheless, this Budget and this Finance Bill are being heavily criticised and attacked from two main points of view. First of all it is alleged that the new proposals will bear heavily on the poor. Secondly, it has been alleged from certain quarters that a crushing burden has been imposed upon industry.

Now, Sir, I shall deal very briefly with the first of these criticisms. It relates, of course, to the indirect taxation imposed in this Bill, in clause 4. I cannot agree with those who think that a heavy burden has been imposed by the provisions of clause 4. The argument that those who have to pay a tax on betel-nut and spirits, and tobacco, cigarettes and cigars are suffering an undue burden is one that cannot be sustained for one moment. Now, Sir, I should like at this point to refer very briefly to a matter on which I shall have more to say later on. There is no doubt whatever that the poor in this country today are suffering terribly and I am, therefore, sorry to hear my Honourable friend, Mrs. Subbarayan say that we on these Benches have no regard for the hardships of the poor, and that we are quite prepared to see new burdens imposed on their shoulders so long as we ourselves get off. That is, I suggest, a very unfair charge. It is not true. Throughout this war we have consistently supported Government in the imposition of heavy taxes which have hit, and are still hitting, our community very hard. Nevertheless, as I have said, the question of the position of the poor is one that we have to consider and one that I shall deal with later, when I talk about inflation.

The poorer classes on the whole do not smoke tobacco, cigars, cigarettes and so on. Still less do they drink. Very few take spirits that are subject to this new taxation. Very few of the poor,—that I have ever seen in my part of the world at all events,—are going to suffer from the increase from 1/5 to 1/2 in the duty on spirits, tobacco and so on. Moreover, among these few who do, are a certain class, namely, the clerical class and the lower middle class who have been benefited by the provision in this Budget that instead of levying income-tax at the rate of Rs. 1,500 it will not be levied until a man's income reaches Rs. 2,000. Now, Sir, I should like to deal very briefly with a few points of detail in clause 4. Clause 4 2(a) seeks to impose an additional duty on item 22(5) of the Tariff Schedule. This item deals with drugs and medicines. I am perfectly sure,—at least I hope I am sure,—that it was not the intention of the Government to impose a further duty and burden on drugs and medicines. It, of course, does not affect all drugs and medicines. It affects only a certain very expensive class of drugs and medicines into which spirits enter. Now, Sir, I do not know whether anything can be done at a later stage to remedy this provision in the Bill. If the Bill is thrown out, as I know some Honourable Members propose to do, then it is going to be difficult for Government to make this modification which I believe should be made. Not very long ago, the Drug Control Order was introduced, and it is largely because of the operation of that order that I am asking Government to consider now the omission of sub-items b (i) and (ii) from item 22(5).

When the Drug Control Order was brought in it was followed by the publication of the agreement between the trade and Government with regard to prices. This has run into thousands and thousands of copies, quite apart, of course, from the tens of thousands of people who have received orders that they must sell these drugs at special prices. It is quite true that when Government bring in a measure of this kind, imposing a further duty on spirit, it is difficult to make exceptions. At the same time, Sir, I believe that on two grounds there is a case here for the Honourable the Finance Member giving favourable hearing to the plea I now put forward, which is that items b (i) and (ii) should be omitted from the effect of the increased surcharge. If it is left in, the administrative difficulties will be considerable; many of the items on the existing schedules will have to be revised and called in and many wholesalers and retailers throughout the country will find that the price at which they were to sell these drugs, has been suddenly altered as a result of this measure. It would not matter so much if the Drug Control Order had been issued a long time ago. In point of fact it was only issued as recently as the 8th February or later. The schedules to which I refer were only issued as recently as the 8th February. I should like, Sir, to suggest on behalf of this Group that the Honourable the Finance Member considers whether anything can be done in this connection.

Now, Sir, in clause 6 of the Bill I want to deal with another point of detail, though again an important one. In clause 6 provision was made to give certain concessions to Life Insurance companies. The Life Insurance companies have been trying to obtain this concession from Government for some considerable time past. They have pointed out that in the United Kingdom a ceiling was placed on the upper limit of the income-tax burden on the investments of Life Companies, and they ask that a similar ceiling should be imposed in this country. I am sure that life insurers throughout the country are grateful to Government for their action in this matter, and I know also that it will be for the benefit of those thousands of insured who benefit from life insurance. There is one further point not connected with life insurance but connected with war risk insurance, to which I should like to refer at this stage. I should like to supplement the plea of the Honourable Member who represents the Millowners' Association of Bombay and express the hope that Government will see their way at a very early date to make drastic reductions in the rate of war risk insurance.

Now, I come to the most important provisions in this Finance Bill—I refer to the proposals dealing with income-tax and excess profits tax. It is very difficult to discuss the precise effect of any income-tax taxation, because this is not only a highly technical matter, but it is one that requires a very high degree of knowledge of finance, considerable knowledge of accountancy and to some extent of law. We were reminded the other day in this House by my Honourable friend, Mr. Krishnamachari, who is not now here, that really very few of us were competent to talk about this weighty matter. He is quite right. Very few of us are; and naturally I should hesitate to use any figures but those supplied by some of the best experts in the country, men who really are men of affairs in the world of finance and accountancy. I propose therefore to examine from this point of view some of the figures which have been placed in the hands of Honourable Members of this House.

The first thing that strikes me about this statement is that it leaves the impression on the mind of the casual reader that the unfortunate shareholder in the company concerned is getting no better off. The more profits the company makes, it does not make any difference whatever to this unfortunate shareholder! The second broad impression that you gain from this statement is that those who prepared it do not seem to think that there is anything wrong in showing a company with a standard profit of 3 lakhs which has increased its profit as a result of war conditions by no less than 600 per cent. It seems to me an extraordinary thing that men who are trying to represent the Government's rapacity should take, as a matter of course, figures that show these

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fantastic profits which are being made out of the sufferings of the people of this country and incidentally out of His Majesty's Government and other Allied Governments. So much for the general impression that you get when you take up this statement.

Now, I should like to examine it from two, more detailed, points of view. First of all, let me take the point of view of the individual shareholder. The individual shareholder, who is unfortunate enough to have shares in this company in the standard period 1939-40 was left with—I am assuming, of course, for the sake of argument, that all the profits shown here are distributed—he is left with a bare Rs. 2,34,375 out of a standard profit of Rs. 3 lakhs. That is to say, after taxation had been taken off, that was all that remained for him. In the case of the first example they have given, the profits have risen from the standard profit of Rs. 3 lakhs to a profit of Rs. 5 lakhs, and in such a case, according to a casual glance, he is left with only Rs. 1,78,000. So, as we go on, in every case that is the figure that appears to be left to this unfortunate shareholder. I have been making a little research into this statement, and I find that there are a number of factors in it that have been omitted, and they are all-important factors in trying to arrive at a correct conclusion. Taking, first of all, this figure of Rs. 1,78,000, which is all that is left for distribution, I find that when grossed up by adding in the income-tax and surcharge on income-tax,—and it comes into the hands of the individual shareholder so grossed up—it is almost the same thing as the amount left for distribution in the standard period. In the standard period the amount remaining is Rs. 2,81,250, and in the chargeable accounting period in which the company has a profit of Rs. 5 lakhs, the figure is Rs. 2,81,240, that is, Rs. 10 is the difference between those two figures I have given. I do not propose to waste the time of the House by quoting a lot of figures, nothing is more dreary. I only quoted that one illustration to show how hopelessly misleading any statement of this kind can be. I find that on every single quoted figure of profits from Rs. 5 lakhs to Rs. 18 lakhs the actual amount which each shareholder would get,—assuming that the whole amount was distributed,—would, in fact, be much higher than he would have received in the standard period.

Sir Cowasjee Jehangir (Bombay City: Non-Muhammadan Urban): I am afraid your mathematics is very wrong.

Mr. T. Chapman-Mortimer: My mathematics is quite right. That is why I say, *assuming* everything was distributed. My Honourable friend has just interrupted me and I should like to take the opportunity to thank him for doing so; because it enables me to explain again how very, very difficult it is to talk about any taxation matter in general terms. It is extremely difficult. You have to take the exact case before you, with all the relevant circumstances and all relevant figures. Without the exact figures, all relevant circumstances and so on, it is absolutely impossible to arrive at correct figures. I am grateful to my Honourable friend for giving me an opportunity to say that; for that is one of the very great difficulties we ordinary mortals suffer from in dealing with experts in a matter of taxation. *The expert* knows in his mind *the precise details* of certain cases, and he can come up and argue with us about these cases. We have to judge the taxation proposals of the Honourable the Finance Member *in general terms*. We have to consider what the general effect would be in certain different classes of industry and see whether in our opinion he has acted justly or otherwise.

In this statement from which I have just been quoting,—to that is attached an explanatory note.—it is quite clear from the explanatory notes that it is intended that these illustrative figures should relate to some *industrial* concerns. That is another complication that comes in, in all matters relating to taxation—certain taxes imposed at a certain time and in a certain manner will bear differently on different classes of assesses. Some will be hardly hit, and we know that in this case there are people who will be hardly hit. Others benefit,

some in greater degree, some in less degree. For that reason, I propose to take the example of a company which is engaged in industry and in this case the company, A. B. and Co. Ltd. had in the standard period capital employed of 18 lakhs. Now, Sir, at this stage, I would again draw the attention of the House to this green slip from which I have been quoting. They make no reference in this green slip to the question of "capital", though it has a vitally important bearing on the tax proposals of the Honourable the Finance Member. That has been omitted. No reference is made to that. (*An Honourable Member*: "What is this green slip?") It comes from the Federation of Indian Chambers.

The Honourable Sir Jeremy Raisman: They, carefully have not sent me one.

Mr. T. Chapman-Mortimer: I take the case of a company with 18 lakhs capital and no borrowed money. In its standard period, this company's profit was 1,80,000 and in the chargeable accounting period,—that is to say, the period in which the tax will apply,—ending the 31st December 1943, the position of this company was as follows: Capital employed apart from borrowed money 20 lakhs, borrowed money 5 lakhs, total capital employed for the purposes of E. P. T. calculation 25 lakhs. The increase of capital in the chargeable accounting period over capital employed in the standard period therefore equals 7 lakhs. Now, Sir, in such a case—and this is very important to any Honourable Member who has received this green statement from which I have been reading—E. P. T. will not be payable unless in respect of the chargeable accounting period ended the 31st December 1943 the profit *plus* the interest on the borrowed money exceeds Rs. 2,36,000.

Now, Sir, I just told the House that in the standard period this company had a profit of Rs. 1,80,000. In other words, apparently, its standard profit is Rs. 1,80,000. Actually as I have shown the House from the example I have just mentioned, the standard profit was not Rs. 1,80,000 but Rs. 2,36,000. Already Rs. 56,000 has been added on before they begin to calculate how excess profit is to be arrived at.

Now, Sir, I have taken the case of an industrial company. In the case of a registered firm, as apart from a company, the benefit would have been not Rs. 56,000 but Rs. 70,000 and in the case of an unregistered firm also Rs. 70,000. Now, I dealt with that from the point of view of the shareholder but not fully. There is one further aspect that we have to consider. In so far as that company has been compelled to pay back or to pay over to Government for safe keeping till the end of the war period a certain sum of money, being the shareholders' property, the shares of this company have been safeguarded to that extent and that money is still there. Now, that is a very important point that we ought to bear in mind, because we shall shortly be told that many companies will have to reduce their dividends. That is perfectly true. Companies that have been paying larger dividends in the last few years than they paid in their standard period may, in some cases,—not all,—have to reduce their dividends. But when we are told by these unfortunate people—Look at us and sympathise! Look at our dividends! They are less than they were—we must remember to tell them that their asset—their share—in that company has improved and is being safeguarded for their benefit afterwards. In fact, shareholders should be grateful to the Honourable the Finance Member for what he has done, because by his action a lot of companies have been saved, which might otherwise have found themselves in difficulty because their directors paid away too much money in the boom period and they would find themselves in queer straits when the day of reckoning came afterwards. Now, that is the point of view of the shareholder in an industrial company. I say again an industrial company, because at the risk of repetition I must remind Honourable Members that there are hard cases that are going to arise out of these new tax proposals.

Now, Sir, I come to the case of the company itself. In their case, the one I have quoted, they have first of all Rs. 89,594 E. P. T. deposit. In addition

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to that, they are going to recover from the Government something like Rs. 13,000 which the Government will in due course have to repay when they make their refund under the E. P. T. Act, after the war. In other words the company's cash is being built up and when the war is over and the excess profits tax ends, this company will be able to claim from Government not only its deposit which is lying there earning 2 per cent. but in addition they will receive from the Government Rs. 6½ out of every Rs. 66½ of tax—that is to say, one-tenth of what they paid by way of excess profits tax will have to be repaid to that company by Government.

I have dealt with the case of an industrial concern but in the case of a non-industrial concern which is a trading concern the benefit will be greater still, because they will have enormous sums of cash coming on to them, and remember that the *trading* companies—all those who have made by far the greatest profits in this war—they are going to have even larger sums of cash coming back to them after the war.

The third class of company is the investment company and, of course, also you have certain kinds of assessee who, without being companies, are affected adversely by the new proposals. I hope that the Honourable the Finance Member is going to have regard to these difficult cases and I hope very much it may be possible for him to make some modification in his existing proposals.

I should like to quote one or two cases of profits but before I do that I should like to quote from the circular issued by a firm of Stock and Share Brokers (in which they bring out precisely the point that I have tried to explain to the House) in which they say that "after taking into account the working capital, accumulated reserves during the last years and other things, the standard will have gone up by at least 14 lakhs—from 28 to 42 lakhs". That, Sir, is from a really authoritative source, a firm of stock brokers who certainly understand the effect that these proposals will have on the companies whose shares they deal in.

Sir Cowasjee Jehangir: What is the name of the stock broker?

Mr. T. Chapman-Mortimer: The name is Chimanlal Dalal and Co. Before I pass on, I should like to quote one or two cases of the profits made by companies, in these recent years.

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

In one case profits made in 1941 amounted to Rs. 5,29,000; in 1943 these were 7 lakhs. (*An Honourable Member:* "What was the capital?") I am sorry I have not got the capital. In another case the profit in 1940 was Rs. 1,28,000, before taking tax into account; the dividend paid was 7 per cent. In 1943 the profit was Rs. 40,24,000 and the dividend paid had risen from 7 per cent. to 30 per cent. Finally, I come to a cotton mill where in 1939 the dividend was 50 per cent. and in 1943 the dividend was 120 per cent. This company was still able to pay 120 per cent., after paying no less than Rs. 225 lakhs over to the Government and having in addition Rs. 36 lakhs by way of deposit. They do not seem to do too badly. I, therefore, suggest that there is no basis for the allegation that the Finance Member is seeking to crush Indian industries. On the contrary, it can very well be argued that he is trying to save Indian industry from a repetition of what happened at the end of the last world war. Recently, I received a letter from Calcutta in which the point was made that this budget so far from being crushing to industry would definitely help to stabilise investment and, as we have seen, the stock exchange quotations have all been either steady or higher in recent weeks. Indeed, 18 days after this "crushing" burden was imposed on the industry of the country, we find that the stock exchange both in Bombay and in Calcutta has been decidedly firm. It is quite true, of course, that the volume of business is very much reduced; but for that we have to thank the Finance Member and not the stock exchange

because a state of affairs had been reached in Calcutta and also in Bombay in which scandalous speculation was taking place in stocks and shares.

Now, Sir, before I pass on to say a few words about inflation, I should like to deal with one or two more sentences of this note to which I referred earlier in my speech. It says:

"Now under the Finance Member's proposals, it would be impossible for a concern to add to its productive capacity—which is really what is represented by its capital account—except with the scanty funds representing in very favourable circumstances 80 per cent. of the pre-war level of dividends."

Well, Sir, all I can say is that if Honourable Members are likely to be misled by this sort of thing, I can only refer them to *Commerce*, which is one of the most prominent and best financial papers of the country where they will get a very different impression of the effect of this Bill.

Sir Cowasjee Jehangir: Are you referring to the *Commerce* of Bombay?

Mr. T. Chapman-Mortimer: Yes. I naturally go to Bombay because in these financial matters we know they are experts. We know they are worth about ten times more than anybody else! We think in lakhs but they think in crores! Another interesting feature of this argument which is put by certain interested parties is that by some curious process the Finance Member is actually able to ruin a man who is making excess profits! How that arises is more than I can understand. But all I can say is that he is either something unique in the way of a Finance Member or he is a bit of a communist in disguise, because it is quite fantastic to suppose that except in a very few and limited number of cases, where special extraneous circumstances enter into the calculations, any such thing could possibly happen.

Now, Sir, I come back to the comment made earlier this afternoon by my Honourable friend, Mrs. Subbarayan. She referred to the desperate state of Bengal and she suggested, if I heard her correctly, that we, the Europeans, were not at all perturbed by these dreadful things that were happening in that unhappy province.

Shrimati K. Radha Bai Subbarayan: On a point of personal explanation, Sir. I said they did not seem to be perturbed by what was happening.

Mr. T. Chapman-Mortimer: I am glad to have the correction from the Honourable Member and I thank her very much for making it. She is quite right that we must *seem* to be unperturbed and I do not believe you would believe us if we did! If I went round saying how sorry I was for the people of Bengal, you (I mean the members of the Congress Party) would be the first to say that I was shedding crocodile tears. But as one who comes from Bengal and who has seen the miseries through which the people of that province have gone, I cannot refrain on this occasion from making a reference to it. It is the most appalling catastrophe that could possibly have happened and so far from being complacent about it, I am perfectly certain that it is true to say that every thinking European who comes from Bengal is distressed beyond measure by what he sees around him and he boils with indignation to think that some of the things, I am going to refer to in a moment, are allowed to continue by this Government here. ("Hear, Hear" from *Congress Benches*.) You may say 'Hear, hear' now, but you may not be able to say that later on.

We all know that there has been inflation in this country to a most appalling extent and the result of that has been seriously to hurt not only the poor but all those on fixed incomes, especially the large class of pensioners throughout this country. And I should like to know what action, if any, Government can take for some of these pensioners. I know they have been trying to do something but I should like to feel that they were going to do more. At the same time, I am fully conscious of the fact that merely to help Government pensioners and some of the lower paid ranks of Government servants is not going to help the millions of others who are suffering just as much as they are suffering. And for that reason what is necessary is that this Government should take more active steps to combat inflation.

[Mr. T. Chapman-Mortimer.]

Now, Sir, inflation can arise in two main ways. One is where the Government pursues unsound financial policies, has unbalanced budgets, and so on. Now, in this country that kind of inflation has not operated and it is absolutely untrue to suggest that the financial policy of the Government is the cause of inflation in India today. Nor is it true to suggest that sterling balances have caused inflation. They have, of course, a bearing on inflation. I appreciate that entirely. We have here the words of no less a person than the Governor of the Reserve Bank who points out:

"There is no natural or necessary relation between the growth of foreign assets and internal expansion or monetary inflation and the link between the two phenomena is optional."

Now, Sir, these are very significant words coming from the source that they do. They show at once how utterly untrue and how completely incorrect it is to suggest that the inflation in this country is the result of the financial policy of the Government of India. But inflation can be caused not only by the operation of Government but by the operation of *markets* and on that I shall have a word or two to say. The Honourable Mrs. Subbarayan referred a little while ago to the drawing of a *purdah*, to shelter or cloak or hide certain other activities. Now, it is a very curious thing that at the very moment when inflationary tendencies set in, in the markets of this country, such a *purdah* was drawn over the scene by certain persons in this country. I do not say who they are. They all know who they are. Sir, these persons caused political agitation. They upset the railway system; they upset the telegraph system; they threw the whole country into turmoil and behind all that turmoil, the inflationary process was going on at an ever increasing pace and this was being brought about by the most scandalous activities of certain parties. When trade is active, we all know that there is a big demand for money, but if the demand for money proportionately exceeds the increase in production then we get circumstances in which inflation may very quickly set in. Now, Sir, what happened? In 1942, we had mills that went on strike—so-called strikes—for no less than four months. That at once slowed down production.

Sir Cowasjee Jehangir: Where was it?

Mr. T. Chapman-Mortimer: In Ahmedabad. For four months the Ahmedabad mill owners, who are never tired of talking of their love for the poor, went on strike and so deliberately created a tremendous shortage of piecegoods in this country. Not only did they do that, but they railed several hundred million yards of piecegoods into Indian States in order thereby again to accentuate this shortage. Now, Sir, I consider that men who do that sort of thing should be condemned and dealt with. I also consider that Honourable Members sitting on the Front Bench are responsible too; because when I see a thief making away with my treasure, I expect the policeman to come and help me if he can. In this connection I should like to say that there is a tendency in all countries and at all times to think that inflation is a matter that only Finance Members and the Chancellors of the Exchequer can deal with. This is not correct. If some of the other things, I am going to talk about in a moment are in fact really happening, then the action to be taken is not financial action but action by one or other of the Honourable Colleagues of the Finance Member. Now, Sir, merchants and industrialists very quickly realised the truth of the old economic maxim that when trade is very active, the demand very brisk, and prices are tending to rise, if you sit on your stocks and do not sell, then the prices rise faster still. That is a very old economic principle which I am sure will be confirmed by the Honourable the Finance Member. As I have indicated the Ahmedabad mill owners—and they were not by any means the only people who were concerned in this matter—and other persons also, took steps to see either that goods were withheld from the market or that goods accumulated in their own godowns and in their agents' godowns all over the country. It is natural that in these circumstances there should have been a tremendous and unprecedented rise in the price of all essential commodities in this country. It is absolutely incorrect to say that that steep and precipitous rise was due to the operations of the financial policy of Government and in

particular to the rise of sterling balances. However, Sir, as I have said, the sterling balances naturally have some bearing on this matter because obviously the more they were there in amount, naturally the Bank could advance further sums to those who were making a demand upon it. So, Sir, there is an *indirect* relation; but to suggest that the sterling balances are the cause of this inflation in, e.g., piece goods prices and other prices, is absolute nonsense.

Now, Sir, another tendency of traders and industrialists, when prices are rising and especially when there is a war on, is to overtrade and especially to overtrade with the assistance of borrowed money. Then you get rings of traders who combine and agree that certain markets will be ear-marked for their own friends and other markets for others and so on. All working together on the same principle, they can very quickly create precisely these inflationary tendencies that we have seen in the last eighteen months in this country. Speculation in commodities is another type of activity which has a very great bearing on inflation and, above all, speculation in bullion. Now, Sir, it is very easy, if the market consists of only small number of people, for that small number of people to arrange sales among themselves and push the price up and up and up, and that, Sir, is done. I do not say that the bullion merchants do it. I do not make any suggestions of that sort. But it is done and has been done in different markets, at different times, not only in this country but elsewhere. I think it is probably true to say that this speculation in bullion, shares and commodities has been as much responsible as any other single factor for inflation in this country. On the stock exchange when you get very great activity and a boom in share prices, every kind of opportunity is used to give the markets another upward push. The rumour goes round that Smith and Co., Ltd., are going to issue bonus shares, naturally the shares of Smith and Co., are much in demand. Now, Sir, the issue of bonus shares in itself is, of course, not inflation, but when it gives rise to marked speculation, it leads to an inflationary tendency. The floatation of new companies: here again, inflation and inflationary tendencies may be accentuated. Now, Sir, on this point, I should like to make myself quite clear so that there may be no misunderstanding in the minds of any Honourable Members opposite, and that point which I wish to make is this. If at this time you have a new company which is an industrial company and which is going to increase the *production* of the country, that is a good thing because to the extent that that industrial company makes more of the particular class of goods, it is designed to make, it does not in any way effect any inflationary trend. But if it is *not* an industrial company and if it is a company simply floated to enable me to transfer to a company what, in fact, is a Department of my firm, that done in the case of hundreds of people, tends to cause inflation. Now, Sir, the tendency to accentuate the inflationary trend which such company floatations bring about is most marked in the case of certain types of investment companies. In this connection, I should like to tell the House about some of the things that go on in Calcutta. We have examples there of people who, knowing that certain classes of assets were excluded from the computation of their "capital employed" for the purposes of E.P.T. calculations deliberately got together with, say, a dozen other people and they took over from their different companies these shares—their "excluded assets"—and they transferred them to a new investment company. By doing that, they placed in their own pockets through these various companies, a lot of cash and with that cash they themselves or their companies bought commodities or other things; they did many other things too, which perhaps I should not mention.—they are too bad to talk about; some of the things which go on in Calcutta today are too bad to mention even in this House . . .

Nawabzada Muhammad Liaquat Ali Khan: If they are not unparliamentary the Honourable Member can mention them to the House.

Mr. T. Chapman Mortimer: It makes me ashamed to narrate them in this House. Supposing there is a firm called Smith Brown and Co., or Banerjee Chatterjee and Co., whatever couple of names you have for a firm, and they find that their profits are getting very near the level at which Excess Profits Tax becomes payable. (Naturally that is a most painful thing, because you see

[Mr. T. Chapman-Mortimer.]

if we pay E.P.T., we should be helping this satanic Government! And incidentally we should not be able to charge quite so much to the poor people who buy our goods!) What does this firm do? They dissolve their partnership and the assets of the partnership are transferred to A and B *plus* C, who is, of course, a "different" person. Therefore though C may have some relation to A and B, yet when A, B and C enter into partnership, it is not, of course, the same partnership as before even though A and B are really the same as Smith and Brown. And when that is done in some of the very clever ways in which it is being done, it is impossible for the revenue department to find out, because the whole thing is done so cleverly and in all manner of ways through intermediaries that it makes it hopeless for the tax department to find out what is going on. And, Sir, if I may interpolate here, it is not their job to do that. A great deal of trouble has come to the Central Board of Revenue and, of course to their officers,—senior and junior alike,—by reason of these malpractices that go on today. And it is not their function to spend all their time finding out about these new firms and companies; that is the job of other departments of Government. And it is up to these other departments to see that in their respective spheres the administration is such that that kind of thing is not allowed. If they were to tighten up the provisions relating to this class of business,—it is hardly fair to call it business because they are not honest business people at all but unscrupulous people,—the task of my Honourable friend, Sir John Sheehy, and his colleagues would be enormously lightened and relieved. I commend that suggestion to the department of Government concerned. The honest taxpayer, as my Leader has just pointed out, would be no less glad that these sharks should be caught. You may think that I am drawing on my imagination but I assure you that not very long ago I travelled from Calcutta to Delhi with a young man who in front of me with three other persons also present described just such transactions. And then he turned to me and said, "Of course, I suppose you are also doing the same thing?" I said "No, I do not", and what is more, I said, if I were the Government of India he and hundreds like him would be in jail and if necessary,—because the jails are already so full,—I would let out some four anna Congressmen and put them all in. Of this little party all were Indians except myself. One was from the Punjab, a young officer who had been fighting in the Middle East and invalided back on leave. He turned round to the young Marwari gentleman and said, "I entirely agree with the gentleman who has just told you what he thought should be done to you." So it was not only my feelings in this matter. There was a diamond merchant in the upper berth and his eyes were nearly popping out of his head at this series of fantastic stories about dodging E.P.T. Why do I say "dodging E.P.T."? Because when he got the contracts he got them, of course, from some one else who had a direct contract from Government and who sub-contracted to half a dozen different companies; and, of course, as Government do not know who the partners and directors of these companies are it is impossible for the subordinates of the Finance Member to find out anything about these activities. These are scandalous things and they ought to be put down. And I know this, that we in this group realise that many of our constituents who honestly pay their taxes and who are not in any sense men who are making large sums out of this war are going to be hard-hit by some of the provisions of this Budget. We should like, therefore, to feel that all the colleagues of the Finance Member are really going to bestir themselves to see that his Department's activities are supported, and supported in such a way that he will not merely save himself and the Government of India as he has so brilliantly done, but at the same time be able to assure some relief to the unfortunate people who are suffering today because of these activities to some of which I have drawn attention. I need not take the time of the House longer except that I should like to say this with reference to the Finance Member and what he has done.

About nine months ago, and perhaps a little more, this country was threatened with one of the most terrible dangers that it has ever been threatened

with. And I think that we all of us owe to the Finance Member a very deep debt of gratitude for the manner in which he has extricated himself from an extremely dangerous and difficult situation. I hope, Sir, that when he brings his next budget before us he will be able to show not merely that he has saved himself and his Government but that with the help of his colleagues,—who by that time I hope will have put down a lot of abuses about which I could tell them,—he will be able to show that in addition to saving Government he is also in a position to give some alleviation to those who are suffering from the inflationary tendencies in this country today. For whatever may be done in the way of dearness allowances and bonuses and extra pay, none of these things really get to the root of the matter. The only thing that will save the situation for the ordinary taxpayer is that the cost of living should go down. And that, to my mind, is the paramount duty before this Government in the next nine months. I know, of course, that they will say that they have the Anti-Profiteering Ordinance and the Anti-Hoarding Ordinance, and so on. All these things I admit and I believe they have been trying to do their best. But it would be dishonest of me to pretend that I think they have done all that they could. — So far as Bengal is concerned, I am certain that this Government, if it really took steps to put down some of the abuses which only the Government of India,—not the Government of Bengal,—can deal with, that would go a long way first to help Bengal and, secondly, to make certain that the Finance Member's policy is going to achieve its real objective as an anti-inflationary measure.

Sir, we in this Group are going to support the financial proposals now before the House. But I believe I am speaking for all my colleagues when I say that we do so knowing that some of our constituents are going to suffer, and we do so hoping also that by administrative or other action the Finance Member will take steps to see that no assesses suffer unduly or unnecessarily as a result of the new burdens that have been imposed or are sought to be imposed by this Bill.

Sir Cowasjee Jehangir: Sir, I think several allusions have already been made to the fact that Government's financial proposals for 1944-45 may well be called an anti-inflationary budget. If that is a correct description, I think it becomes essential to examine how far the steps that Government have taken, and propose to take, will really be effective. Conditions in different parts of the world are not the same and measures taken most successfully to combat a great evil in one part of the world may not be so successful in another part, because conditions vary. The Finance Member has very briefly placed before us the methods he believes should be, and are being, adopted in this country. He says:

"That Government's plan has three broad aspects: In the first place, we must control and stabilize the net over-all demand placed upon Indian resources compensating, as far as possible, for any inevitable increase by imports of food, bullion or other capital and consumer goods. In the second place, we must step up in every way the rate of rupee incomes until it equals the rate of rupee outgoings. In the third place, we must maintain and extend our price controls."

These are the three methods that are being adopted and will be adopted to fight inflation. I believe these are the three methods most successfully adopted in England where they have fought this great evil of inflation most successfully. If that is so, it will be necessary to compare the conditions prevailing in India and in England. It can be done not by going into details, but by comparing broad aspects of conditions that prevail in England and in India. In England today all classes of people are earning more. You may take any group of people you like—you may take industrialists, you may take labour, agricultural or industrial, you may take any class of people; they are doing better today than they did in pre-war times. To these various classes of people I would also add fixed wage-earners.

The Honourable Sir Jeremy Balaan: No, no. Never.

Sir Cowasjee Jehangir: He is being compensated in England for the higher prices

The Honourable Sir Jeremy Raisman: No.

Sir Cowasjee Jehangir: It is so, and I am saying that in view of the facts I have got before me.

The Honourable Sir Jeremy Raisman: I can tell the Honourable Member that the position of fixed-income workers and Government servants in England is not the same. Their standard of living is often half or less than half of what it was before.

Sir Cowasjee Jehangir: I will come to that. Having made that general statement about England, let us compare and see the position of different classes of people in this country. The industrialist in India is certainly better off today than he was before the war.

An Honourable Member: Is he?

Sir Cowasjee Jehangir: As a whole industrial labour is not so badly hit. . .

Mr. N. M. Joshi (Nominated Non-Official): I don't agree.

Sir Cowasjee Jehangir: I am not looking to you for agreement. Again, I say that, as a whole, industrial labour is not so badly hit as other classes of labour in India. I will point out that the textile industry labour is doing far better than it ever did before; in fact, all connected with that industry are far better off today than they were before the war. (Interruption.) I have had occasion to say before that nothing will satisfy Mr. Joshi and if he by any mistake admitted that he was satisfied in respect of any class of labour he would get it in the neck when he goes out. Therefore, I do not look towards him for agreement with anything I may say with regard to labour, but I do not think that any fair man will contest what I say when I repeat that so far as labour in the textile industry is concerned, throughout the country they are better treated than any other labour in any walk of life. If only I had the time to give you figures, Honourable Members would begin to realize the truth of my statement. Let me only give you one figure. Any working man in the textile industry in Bombay earning from Rs. 25 to Rs. 150 gets a flat rate of Rs. 31—this is last month's figure. Just imagine a man earning Rs. 25 per month gets 31 dearness allowance. And in addition to that he gets two months' bonus in a year. Ahmedabad men, I believe, get better allowances.—I do not know the figures.

Nawabzada Muhammad Liaquat Ali Khan: They get Rs. 48 dearness allowance.

Sir Cowasjee Jehangir: The same thing applies to all fixed wage-earners in the mills. But let us admit that it is only a very small fraction of the population. The next class of people in this country who are doing very well indeed, as compared to pre-war times, or, shall I say, who are rolling in wealth compared to prewar times, are the owners of land—I do not mean the landless labourer, I mean the owners of land by whatever name you may call them.

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): They are worse off.

Sir Cowasjee Jehangir: I know I am on very difficult ground here; there are so many here who are interested in agriculture. I am to a certain extent also but let us not close our eyes to the facts for, if we do that, we shall certainly come to wrong conclusions. Owners of land or anybody who gets an advantage out of land, is better off today than he ever was before and as compared to the prewar times, may I say that he is rolling in wealth and luxury.

Mr. Govind V. Deshmukh (Nagpur Division: Non-Muhammadan): Question.

Sir Cowasjee Jehangir: Then, there are retail shopkeepers, they are better off. The wholesale man and the merchant is also better off. There may be other groups, but that does not mean India. There are millions and millions of people in this country who are worse off than they were before the war and therefore you cannot apply your anti-inflationary measures equally to all these classes, for you will not have anti-inflationary results if you do so.

That is the great difference between England and India.

Now, in England the cost of living has gone up from 25 per cent. to 30 per cent. In India, I believe, the Honourable the Finance Member has admitted it has gone up by something like 248 per cent.

Shi K. B. Jinaraja Hedge (West Coast and Nilgiris: Non-Muhammadan Rural): 350 per cent.

Sir Cowasjee Jehangir: That is the major factor of difference between the two countries. I need hardly emphasise that with such a difference in the cost of living between the two countries your measures must be different.

Then, Mr. President, we come to controls. There again there are very striking differences. The controls in England are working in a manner which is a credit to their Government and a credit to their people. There is one great difference between controls in England and those attempted in India. Except for food, there is no control as to quantities in India. In England a man or woman can only buy at controlled prices a certain amount of clothing and boots. In India although the prices are controlled, there is no limit to which a man can go into a shop and buy at controlled rates if he can get it. There is no limit. That is one great distinction

Mr. President (The Honourable Sir Abdur Rahim): It is 5 O'clock. The Honourable Member can continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Friday, the 24th March, 1944.