

**THE**  
**LEGISLATIVE ASSEMBLY DEBATES**  
**Official Report**

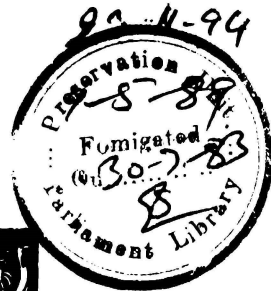


---

Volume IV, 1947

*(25th March, 1947 to 9th April, 1947)*

**THIRD SESSION**  
**OF THE**  
**SIXTH LEGISLATIVE ASSEMBLY**  
**1947**



LEGISLATIVE ASSEMBLY

*President:*

The Honourable Mr. G. V. MAVALANKAR.

*Deputy President:*

Khan MOHAMMAD YAMIN KHAN, M.L.A.

*Panel of Chairmen:*

Syed GHULAM BHIK NAIRANG, M.L.A.

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

Sardar MANGAL SINGH, M.L.A.

Shrimati AMMU SWAMINADHAN, M.L.A.

*Secretary:*

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

*Assistants of the Secretary:*

Mr. A. J. M. ATKINSON.

Mr. HASAN MOHAMMAD KHAN.

Mr. N. C. NANDI.

*Marshal:*

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

*Committee on Petitions:*

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

Syed GHULAM BHIK NAIRANG, M.L.A.

Shri SRI PRAKASA, M.L.A.

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

Sardar MANGAL SINGH, M.L.A.

# CONTENTS

Volume IV—25th March, 1947 to 9th April, 1947

TUESDAY, 25TH MARCH, 1947—	Pages
Starred Questions and Answers . . . . .	2385—2426
Unstarred Questions and Answers . . . . .	2426—27
Motion for Adjournment <i>re</i> Murder of Muslims near Kotwali, Chandni Chowk Delhi—Not moved . . . . .	2427—28
Message from the Council of State . . . . .	2428
Election to Standing Committee for External Affairs Department . . . . .	2428—30
Election to Standing Committee for Commonwealth Relations Department . . . . .	2430
Election to Standing Committee on Pilgrimage to the Hejaz . . . . .	2430—31
Election to Standing Committee for Commerce Department . . . . .	2431
Death of Dr. Sir Azizul Haque . . . . .	2432
Indian Finance Bill—Discussion on the motion to consider not concluded . . . . .	2433—66
<b>WEDNESDAY, 26TH MARCH, 1947—</b>	
Starred Questions and Answers . . . . .	2467—96
Unstarred Questions and Answers . . . . .	2496—2501
Short Notice Questions and Answers . . . . .	2502—03
Election to Standing Committee on Roads . . . . .	2503
Election to Standing Committee for Food Department . . . . .	2503
Election to Standing Committee for Industries and Supplies Department . . . . .	2503
Election to Standing Committee for Education Department . . . . .	2504
Election to Council of Indian Institute of Science Bangalore . . . . .	2504—05
Election to Standing Committee for Agriculture Department . . . . .	2505
Indian Finance Bill—Discussion on Motion to consider not concluded . . . . .	2505—43
<b>THURSDAY, 27TH MARCH, 1947—</b>	
Starred Questions and Answers . . . . .	2545—50
Election to Standing Committee for Works, Mines and Power Department . . . . .	2551
Election to Standing Committee for Communications Department . . . . .	2551
Election to Central Advisory Council for Railways . . . . .	2551
Election to Standing Committee for Information and Broadcasting Department . . . . .	2551
Election to Central Committee of the Tuberculosis Association of India . . . . .	2552
Election to Governing Body of Indian Research Fund Association . . . . .	2552
Election to Standing Committee for Legislative Department . . . . .	2553—54
Election to Standing Finance Committee . . . . .	2554—55
Indian Finance Bill—Discussion on the Motion to consider not concluded . . . . .	2555—2610
<b>FRIDAY, 28TH MARCH, 1947—</b>	
Starred Questions and Answers . . . . .	2611—34
Short Notice Question and Answer . . . . .	2635—36
Motion for Adjournment <i>re</i> Discriminative Policy of Delhi Administration against Muslim Press—Postponed . . . . .	2636—37
Election to Defence Consultative Committee . . . . .	2638
Election to Standing Committee for Home Department . . . . .	2638
Election to Standing Committee on Pilgrimage to the Hejaz . . . . .	2638
Election to Standing Committee for Commerce Department . . . . .	2638
Indian Finance Bill—Passed . . . . .	2639—72
Demands for Supplementary Grants for 1946-47—Discussion not concluded . . . . .	2673—77
<b>MONDAY, 31ST MARCH, 1947—</b>	
Members Sworn . . . . .	2679
Starred Questions and Answers . . . . .	2679—2726
Unstarred Questions and Answers . . . . .	2726—28
Short Notice Questions and Answers . . . . .	2728—30
Motions for Adjournment <i>re</i> — Delhi Administration's Discrimination against Muslim Press and Preferential Treatment towards Hindu Press in the matter of Publication of Reports of Communal Clashes—Ruled out of Order . . . . .	2730—32
Burning Alive of Four Scheduled Caste Men and Two Herds of Cattle in the Aligarh District, U. P.—Ruled out of Order . . . . .	2732—33

Motions for Adjournment *re—contd.*

	Pages
Appointment of an Englishman as Principal Secretary, Finance Department, Government of India, overlooking the Claims of Indians— Disallowed	2733—34
Election to Standing Committee for Labour Department	2734
Election to Standing Committee for Industries and Supplies Department	2735
Election to Standing Committee for Education Department	2735
Election to Standing Committee for Health Department	2735
Election to Indian Oilseeds Committee	2735—36
Taxation on Income (Investigation Commission) Bill—Extension of Date of Presentation of Report of Select Committee and Appointment of certain new Members to Select Committee	2736—38
Demand for Supplementary Grant for 1946-47	2738—45
Central Excises and Salt (Amendment) Bill—Introduced	2745
Capital Issues (Continuance of Control) Bill—Referred to Select Committee	2745—52
Business Profits Tax Bill—Motion to consider as reported by Select Committee not concluded	2753—72
<b>TUESDAY, 1ST APRIL, 1947.—</b>	
Starred Questions and Answers	2773—89
Message from the Council of State	2789
Election to Standing Committee for Information and Broadcasting Department	2789
Election to Council of the Institute of Science, Bangalore	2789
Election to Standing Committee for Agriculture Department	2790
Commencement of the Meeting of Assembly at 12 Noon on the 2nd April and suspension of Question Hour	2790—91
Report of the Labour Investigation Committee—laid on the table	2791
Rubber (Production and Marketing) Bill—Presentation of Report of Select Committee	2791
Control of Shipping Bill—Presentation of Report of Select Committee	2791
Reserve Bank of India (Second Amendment) Bill—Introduced	2791
Indian Tariff (Amendment) Bill—Introduced	2791
Business Profits Tax Bill—Passed as amended.	2792—2825
Income-Tax and Excess Profits Tax (Amendment) Bill—Discussion on the motion to consider not concluded	2825—32
<b>WEDNESDAY, 2ND APRIL, 1947.—</b>	
Starred Questions and Answers	2833—55
Unstarred Questions and Answers	2856
Election to Standing Committee for External Affairs Department	2856—57
Election to Standing Committee on Commonwealth Relations	2857
Election to Standing Committee of Tuberculosis Association of India	2857
Election to Governing Body of Indian Research Fund Association	2857
Delhi Sikh Gurdwaras and Religious Endowments Bill—Nomination of Members to Joint Committee	2857—58
Indian Railways (Amendment) Bill—Referred to Select Committee	2858—63
Child Marriage Restraint (Amendment) Bill—Circulated	2864—89
Indian Penal Code and the Code of Criminal Procedure (Amendment) Bill—Discussion on the motion to refer to Select Committee not concluded	2889—92
<b>THURSDAY, 3RD APRIL, 1947.—</b>	
Starred Questions and Answers	2893—2934
Unstarred Questions and Answers	2834—39
Short Notice Questions and Answers	2939—40
Election to Central Advisory Council for Railways	2940
Taxation on Income (Investigation Commission) Bill—Appointment of a Member to Select Committee <i>vice</i> another resigned	2940
Indian Railways (Amendment) Bill—Appointment of a Member to Select Committee <i>vice</i> another resigned	2941
Resolution <i>re</i> Release of Indian National Army Prisoners—Withdrawn	2941—59
Resolution <i>re</i> Appointment of a Retrenchment Committee—Discussion not concluded.	2959—75
<b>MONDAY, 7TH APRIL, 1947.—</b>	
Member Sworn	2977
Starred Questions and Answers	2977—94
Motion for Adjournment <i>re</i> Communal Propaganda by Mr. Isphani, Leader of Indian Trade Mission to Middle East—Disallowed	2994—95



	Pages
Election to Standing Committee for Health Department . . . . .	2995
Election to Indian Oilseeds Committee . . . . .	2995
Summary of Proceedings of Ninth Meeting of Standing Labour Committee— Laid on the Table . . . . .	2995
Capital Issues (Continuance of Control) Bill—Presentation of Report of Select Committee . . . . .	2996
Income-Tax and Excess Profits-Tax (Amendment) Bill—Passed as amended . . . . .	2996—3011, 3012—40
Taxation on Income (Investigation Commission) Bill—Presentation of Report of Select Committee . . . . .	3012
<b>TUESDAY, 8TH APRIL, 1947—</b>	
Starred Questions and Answers . . . . .	3041—71
Unstarred Questions and Answers . . . . .	3072
Short Notice Questions and Answers . . . . .	3072—79
✓ Motion for Adjournment <i>re</i> Pulling of the Chain and the Looting of Luggage of Passengers at Hardwagunj Railway Station—Ruled out of Order. . . . .	3079—80
Election of a Member to Central Advisory Council for Railways . . . . .	3080
Rubber (Production and Marketing) Bill—Passed as amended . . . . .	3080—88
Reserve Bank of India (Second Amendment) Bill—Passed . . . . .	3088—3104
Indian Tariff (Amendment) Bill—Passed . . . . .	3104—07
<b>WEDNESDAY, 9TH APRIL, 1947—</b>	
Member Sworn . . . . .	3119
Starred Questions and Answers . . . . .	3119—73
Unstarred Questions and Answers . . . . .	3173—82
Short Notice Question and Answer . . . . .	3183—84
Motion for Adjournment <i>re</i> Impending Danger to Calcutta Port due to suspension of Dredging Operations in the River Hoogly as a result of Strike of Opera- tives—Disallowed . . . . .	3184—86
Notification <i>re</i> Amendment in the Indian Aircraft Rules—laid on the table . . . . .	3186
Election of a Member to Standing Committee for Information and Broadcasting Department . . . . .	3186
Election of a Member to Standing Committee for Commerce Department . . . . .	3187
Election of a Member to Standing Committee for Food Department . . . . .	3187
Antiquities (Export Control) Bill—Introduced . . . . .	3187—88
Control of Shipping Bill—Passed as amended . . . . .	3188—3203
Motor Vehicles (Second Amendment) Bill—Passed as amended . . . . .	3203—15
Indian Coinage (Amendment) Bill—Discussion on the motion to consider not concluded. . . . .	3215—23

# LEGISLATIVE ASSEMBLY

Tuesday, 8th April 1947

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

## STARRED QUESTIONS AND ANSWERS

### (a) ORAL ANSWERS

#### RAISING OF DELHI POLYTECHNIC TO THE STANDARD OF ENGINEERING COLLEGE

†1428. \*Seth Govind Das: Will the Honourable Member for Education be pleased to state:

(a) whether it is a fact that Government propose to raise the Delhi Polytechnic to the standard of an Engineering College; and

(b) if so, by what time Government propose to bring about this change?

**The Honourable Maulana Abul Kalam Azad:** (a) Government propose to develop the Delhi Polytechnic into a first class technological institution. Engineering will form one of the departments and the intention is to provide facilities for instruction up to Honours Degree standard.

(b) An application has already been made to Delhi University. for the purpose of affiliation. The development programme provides for the shifting of Senior Departments including the Engineering Department to a new site near the University and orders for equipment have been placed some of which are expected to mature in 1947-48 and thereafter.

#### MEDICAL COLLEGE FOR NEW DELHI

†1429. \*Seth Govind Das: Will the Secretary of the Health Department be pleased to state:

(a) whether it is a fact that Government contemplated sometime back to open a Medical College in New Delhi with the Irwin Hospital as its attached hospital;

(b) whether it is also a fact that the scheme was dropped during the war due to the inability of Government to bear the expenditure then; and

(c) whether Government propose to put this scheme into practice now?

**Mr. S. H. Y. Oulsnam:** (a) Yes.

(b) The medical college was primarily intended to provide facilities for students from the Central areas and Indian States. The scheme was abandoned because the participation of a sufficient number of States in the scheme could not be secured.

(c) The question of a medical college in Delhi is related to the proposal for the establishment of an All-India Institute recommended by the Bhore Committee. The Government of India have set up a small committee to consider among other matters the location of this Institute and whether it should provide undergraduate training. The question of the establishment of a medical college at Delhi will be considered when the report of the Committee has been received.

---

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

**APPOINTMENT OF DIRECTOR GENERAL OF ARCHAEOLOGY FOR TRAINING OFFICERS IN ARCHAEOLOGY.**

†1430. \*Seth Govind Das: Will the Honourable Member for Education be pleased to state:

(a) whether it is a fact that the present Director General of Archaeology was appointed to train officers for Archaeology in India; and

(b) whether he has trained enough personnel to fill all the Archaeological officers' posts with Indian officers?

**The Honourable Maulana Abul Kalam Azad:** (a) The present Director General was appointed with a view to reorganising the Archaeological Survey of India and training of officers in modern archæological methods.

(b) With the exception of the Director General of Archaeology who was appointed on contract basis and one permanent officer, all the other Class I Officers in the Archaeological Survey are Indians who have been recruited through the Federal Public Service Commission. They are receiving the requisite training for the posts in which they have been appointed.

**ADMISSION OF DIFFERENT COMMUNITIES INTO OFFICERS MILITARY TRAINING SCHOOL.**

1431. \*Mr. Ahmed E. H. Jaffer: (a) Will the Secretary of the Defence Department please state how many candidates from each of the following communities were admitted in 1945 and 1946 into the Officers' Training School for Military Training: Hindus, Muslims, Sikhs and Other classes?

(b) How many of them were granted Commissions?

(c) How many candidates from the following communities have been admitted into the Military Academy for the course which started in February 1947: Muslims, Hindus, Sikhs and Other classes?

(d) Is there any reason why the Selection Boards should not have any British Personnel?

**Mr. G. S. Bhalja:** (a) to (c). I lay a statement on the table of the House.

(d) It is the policy of Government to nationalise the Armed Forces completely, including the Selection Boards.

*Statement*

*Intake at Officers' Training Schools and Indian Military Academy for Courses commencing 1945 and 1946.*

Training Institution	Hindus		Muslims		Sikhs		Others		Total	
	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946
IMA (REGULAR)	...	172	...	61	...	47	...	72	...	352
IMA (OTS)	91	...	47	...	41	...	35	...	214	...
OTS MHOW	65	...	39	...	44	...	28	...	176	...
OTS BANGALORE	128	87	71	67	63	20	64	44	326	218
OTS BELGAUM	11	...	6	...	5	...	11	...	33	...
Total	295	259	163	128	153	67	138	116	749	570

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

The number of commissions granted in the Indian Land Forces through Officers' Training Schools in 1945-46 was 783. It is regretted that a breakdown of this figure by communities is not readily available.

*Acceptance figures for the 3rd IMA Course which commenced in February 1947*

Community	Number Accepted
Hindus	113
Muslims	55
Sikhs	37
Others	40
Total	245

#### RETRENCHMENT OF MUSLIM EXTRA TEMPORARY EMPLOYEES IN THE CENTRAL ORDNANCE DEPOT AT AGRA

**1432. \*Mr. Ahmed E. H. Jaffer:** Will the Secretary of the Defence Department be pleased to state:

(a) the percentage of Muslim Extra Temporary employees in the establishment of the Central Ordnance Depot at Agra;

(b) whether Government are aware that a general retrenchment of the Extra Temporary Employees will begin in the month of March 1947 in the above establishment;

(c) whether Government propose to adhere to the D. C. P. Routine Order No. 497 of 1946 allotting 24 per cent. quota of the total services to the Muslims when the proposed retrenchment takes place in the Central Ordnance Depot at Agra; and

(d) whether Government have any scheme under consideration for re-absorbing the persons affected by the proposed retrenchment in the Central Ordnance Depot at Agra?

**Mr. G. S. Bhalja:** (a) Agra—22 per cent.

(b) Retrenchment began in August 1945 and has been carried out progressively since then. The retrenchment has been phased and as much notice as possible given in order to minimize the hardship to retrenched personnel.

(c) Yes, Sir.

(d) This is the responsibility of the Labour Department, who have set up Labour Exchanges to assist such persons in finding employment.

**Mr. Manu Subedar:** May I know whether there is not duplication in the efforts of the Labour Department for Resettlement of soldiers and demobilized officers as well as a similar department maintained by the Defence Department? Does Government think it necessary, if so, for what reasons, to maintain a separate re-establishment department under the Defence Department?

**Mr. G. S. Bhalja:** No, Sir. There is no duplication of work. I explained at length previously on the floor of this House why the Resettlement Directorate of the Defence Department was created and that it was going to be closed down in the very near future.

#### PERCENTAGE OF MUSLIMS IN THE INDIAN AIR FORCE

**1433. \*Mr. Ahmed E. H. Jaffer:** (a) Will the Secretary of the Defence Department please state what the strength of the Indian Air Force is, giving separately the number of officers and other ranks?

(b) How many of the senior appointments such as Group Captains, Wing Commanders, Squadron Leaders, are held by Muslims, Hindus, Sikhs, and other classes, mentioning specifically the percentage of Muslims therein?

**Mr. G. S. Bhalja:** (a) Officers—1,271, Other Ranks—14,099.

(b) I lay a statement on the table of the House.

*Statement*

Community	Gp. Capt.	Wg. Cdr.	Sqdn. Ldr.	Total
Muslims . . .	...	3 (16·8%)	17 (19·3%)	20 (18·35%)
Hindus . . .	1	11	49	61
Sikhs . . .	...	3	9	12
Others . . .	1	2	13	16
<b>Total</b>	<b>2</b>	<b>19</b>	<b>88</b>	<b>109</b>

**MUSLIMS IN THE MUSEUMS, BRANCH OF THE ARCHAEOLOGICAL DEPARTMENT**

1434. \***Mr. Ahmed E. H. Jaffer:** Will the Honourable Member for Education please state how many non-gazetted posts have been created in the Museums' Branch of the Archæological Department and how many of them have gone to Hindus, Muslims and other minority communities during the last five years?

آنریبل مولانا ابوالکلام آزاد : آرکیلا جیکل ڈیپارٹمنٹ میوزیم برانچ فوری  
سہ ۱۹۳۶ع میں بنائی گئی۔ اس برانچ کی نو نان گزٹڈ پوسٹ میں سے  
پانچ جگہوں پر ہندو ہیں اور چار پر مسلمان ہیں۔

**The Honourable Maulana Abul Kalam Azad:** The Museums' Branch of the Archaeological Department was constituted in February 1946. Of the nine non-gazetted posts created in that Branch since, five have gone to Hindus and four to Muslims.

**COMMUNAL REPRESENTATION IN CLASS I APPOINTMENTS IN THE ARCHAEOLOGICAL DEPARTMENT**

1435. \***Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable Member for Education please state the number of Class I appointments made in the Archæological Department since 1934?

(b) Were the orders of the Home Department regarding communal representation observed in making these appointments?

(c) How many of these posts went to Hindus, Muslims and other minority communities?

(d) Are Government aware that the post of Archæological Chemist was reserved for a Muslim but was filled up by the appointment of a Hindu?

آئیہل مولانا ابوالکلام آزاد : (اے) آرکیا لاجیکل سروے ڈیپارٹمنٹ میں پے

درجہ کی جگہوں پر ۱۹۳۷ء میں اور اس کے بعد جو لوگ مقرر کئے گئے ہیں ان کی  
تعداد ۲۲ ہے -

(بی) کا جواب ہاں ہے -

(سی) ان دو جگہوں کو چھوڑ کر جو کمپونل ریپریزیٹیشن کے قاعدے کے نیچے  
تہیں آتے ۱۴ جگہوں پر ہندو مقرر ہوئے پانچ پر مسلمان - ان پانچ میں ایک  
جگہ عارضی ہے - دوسری مالٹاریٹی کمونٹی کا کوئی آدمی مقرر نہیں کیا جاسکا  
کیونکہ کوئی مناسب امیدوار سامنے نہیں آیا تھا -

(قی) آرکیا لاجیکل کمیسٹ کی جگہ بھرنے کے لئے ایک پوسٹ آفیسر ان سپیشل  
ڈیوٹی کی نکالی گئی تھی تاکہ اسے اس فرض سے تریڈ کیا جاسکے - فہڈرل سروس کمیشن  
نے اس پوسٹ کو مسلمانوں کے لئے محفوظ کرنے کا ایشہار دیا لیکن کوئی مناسب امیدوار  
تہ مل سکا - اس کے بعد یہ قید ہٹادی گئی اور دوبارہ اعلان کیا گیا لیکن پھر بھی کوئی  
مناسب امیدوار نہ مل سکا - تیسری مرتبہ یہ کیا گیا کہ جو کوالی فیکیشن اس  
پوسٹ کے لئے تہرائی گئی ہیں اُنہیں ہلکا کر کے مسلمان امیدوار مانگے گئے لیکن اب  
بھی کوئی امیدوار نہ ملا - چوتھی مرتبہ مسلمان کی قید ہٹا کر اسی ہلکے  
کوالیفیکیشن کے ساتھ اعلان کیا گیا - اس مرتبہ صرف ایک امیدوار ڈاکٹر بی - بی -  
لال کی کمیشن نے سفارش کی اور ڈیپارٹمنٹ نے اُنہیں ۱۵ نومبر سنہ ۱۹۴۳ء میں مقرر  
کردیا - سنہ ۱۹۴۵ء میں اُنہوں نے آرکیا لاجیکل کمیسٹ کی جگہ سنبھال لی -

**The Honourable Maulana Abul Kalam Azad:** (a) The number of appointments made in the Archaeological Survey Class I since 1934 is 22.

(b) Yes.

(c) 14 posts, excluding two posts not governed by rules regarding communal representation were filled from amongst Hindus, five including one temporary post from amongst Muslims and none from other minority communities as no suitable candidate was forthcoming.

(d) A post of an Officer-on-Special Duty under the Archaeological Chemist was created for the purpose of training a suitable person for appointment to the post of Archaeological Chemist. The post was first advertised by the Federal Public Service Commission as reserved for Muslims but no suitable Muslim candidate was available. The post was re-advertised as unreserved but again no suitable candidate came forward. Thereupon, the qualifications required for the post were lowered and the post was advertised by the Federal Public Service Commission as reserved for Muslims. Again no Muslim candidate satisfied the qualifications prescribed for the post. The post was then re-advertised as unreserved. Only one candidate, Dr. B. B. Lal, was recommended by the Commission, who was appointed to the post of Officer-on-Special Duty on 15th November 1943. Subsequently, Dr. B. B. Lal was appointed to the post of Archaeological Chemist in 1945 when the permanent incumbent vacated the post.

**Mr. Yusuf Abdoola Haroon:** Were any circulars sent to Muslim organizations that Muslims were required for this service?

آنریبل مولانا ابوالکلام آزاد: جس طرح سے اب تک فیڈرل پبلک سروس کمیشن اشتہار دیتا آیا ہے اسی طریقہ سے اشتہار دیا گیا تھا -

**The Honourable Maulana Abul Kalam Azad:** Advertisements were given by the Federal Public Service Commission as usual.

ڈاکٹر ضیاءالدین احمد: میں یہ عرض کرنا چاہتا ہوں کہ جب فیڈرل پبلک سروس کمیشن اشتہار دیتا ہے تو اُس کی ایک کاپی یونیورسٹیوں کے رجسٹرار یا وائس پریسیڈنٹ کو بھیج دیا کرے تاکہ لوگوں کی معلومات میں آسانی ہو جائے -

**Dr. Zia Uddin Ahmad:** I would suggest that at the time of advertising if the Federal Public Service Commission sends a copy to the Registrars or Vice-Presidents of Universities it would be easily known to the students.

آنریبل مولانا ابوالکلام آزاد: اس پر غور کیا جائیگا -

**The Honourable Maulana Abul Kalam Azad:** It will be considered.

#### FINANCIAL SANCTION FOR SCHEMES IN THE ARCHAEOLOGICAL DEPARTMENT

‡1436. \***Mr. Ahmed E. H. Jaffer:** Will the Honourable Member for Education kindly state what new schemes are awaiting financial sanction in respect of the following branches in the Archaeological Department giving full details thereof: (1) Conservation of Monuments, (2) Explorations, (3) Museums, (4) Exhibitions?

**The Honourable Maulana Abul Kalam Azad:** The Government of India have at present under their active consideration a scheme for the establishment of a Central Museum of Art, Archeology and Anthropology, which has been approved by the Central Advisory Board of Education. A copy of the Report giving details of this scheme is laid on the table of the House. § No other scheme under any of the branches mentioned in the question is as yet mature for financial sanction but it is understood that the Director General has two proposals under consideration: (i) splitting the Western Circle into two Circles to ensure a closer and more adequate attention being given to the important monuments of this region; (ii) incorporating the present Excavation Branch in an Exploration Branch which will include ground surveys also.

#### RESETTLEMENT OF RELEASED I. M. S. AND I. A. M. C. OFFICERS

‡1437. \***Seth Govind Das:** (a) Will the Secretary of the Health Department be pleased to state if there is a section under the Director General, Indian Medical Service, for the resettlement of released I.M.S./I.A.M.C. officers?

(b) How many officers are employed in this Branch, and what is the rank, experience and salary of each?

(c) How many officers have been released from the I.M.S. and the I.A.M.C. since the V. J. day and how many of them have been helped in resettling or finding employment?

**Mr. S. H. Y. Oulnam:** (a) Yes. Besides the I. M. S. and I. A. M. C., this section also deals with the resettlement of other medical, nursing and ancillary personnel.

† Answer to this question laid on the table, the questioner having exhausted his quota.

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

§ Not printed in these debates. A copy placed in the Library of the House.—Ed. of D.

(b) A statement giving the information required by the Honourable Member is laid on the table of the House. Two of the officers are also doing work in connection with other sections of the office.

(c) Up to the end of February, 1947, 1,811 I. M. S. officers and 1,319 I. A. M. C. officers were released from the Army. Of these 869 I. M. S. and 860 I. A. M. C. officers applied to the Provincial and State Medical Employment Bureaux for resettlement and 175 I. M. S. and 399 I. A. M. C. officers were placed in employment. Taking all medical, nursing and auxiliary personnel together a total of 5,307 persons applied to the Medical Employment Bureaux for assistance and 1,192 were placed in employment. The responsibility for finding employment for demobilised medical officers rests mainly with the provincial organisations. The central bureau assists by obtaining and supplying to the provincial bureaux detailed information regarding personnel to be demobilised and intimation of their release. It also supplies information regarding opportunities for employment to persons awaiting release. It is also concerned with the co-ordination of training arrangements for demobilised personnel in the various Provinces. In addition to medical officers, it deals with the nursing services, nursing orderlies and medical technicians.

*Statement showing the number of officers, with their rank, experience and salary drawn, employed in the Resettlement Section of the office of the Director General, Indian Medical Service.*

Name, Rank and Qualifications	Experience	Salary
1. Lt.-Col. B. K. Sheorey, M.B.B.S., (Bomb.), D.L.O. (Lond.) F.R.C.S. (Eng.), I.M.S. (E.C.), Additional Deputy Director General, Indian Medical Service (Resettlement).	1. Medical Graduate of 17 years' standing.	Pay of Rank Rs. 1350 S.P. Rs. 400
	2. Nine years' stay in the U.K. specialising in various branches of surgery.	Addl. S.P. Rs. 250 Total Rs. 2,000
	3. Held various Residential hospital appointments in the U.K. for 6-7 years. The last one was Surgeon, E.M.S. Metropolitan Hospital, London (Ministry of Health appointment).	
	4. Joined the I.M.S. (E.C.) on the 23rd June 1941 and has been employed in the office of the Director General, Indian Medical Service since then. He has held the following posts :—	
	(a) Assistant Director General, Indian Medical Service (A.R.P.).	
	(b) Assistant Director General, Indian Medical Service (Resettlement).	
	(c) Additional Deputy Director General, Indian Medical Service (Resettlement).	
	5. Has considerable experience in hospital planning, organisation and administration.	
	6. Member-Secretary, Committee of Standards (Medical Institutions).	
	7. Was sent on deputation to the U.S.A., Canada, the U.K., Denmark and Sweden.	
2. Major M. Ata-Ullah, O.B.E., M.B. B.S. (Pb.), M.R.C.S. (Eng.), L.R.C.P. (Lond.), D.T.M. & H. (Lond.), D.P.H. (Eng.), I.M.S., Assistant Director General, Indian Medical Service (Resettlement).	16 years' service in the Indian Medical Service. Inspector General, Ministry of Food, Iran, for 16 months.	Pay of rank Rs. 1100 S.P. Rs. 400 Total Rs. 1,500



3 Major A. A. Khan, M.B.B.S. (Lucknow), Ex-I.M.S. (E.C.), Deputy Assistant Director General, Indian Medical Service (Re-settlement).	Medical Graduate of 7 years' standing. Joined the I.M.S. (E.C.) on the 14th July, 1940.	Pay S.P.	Rs. 800 Rs. 240
	While on military duty worked as		
	(i) General Duty Officer in various Indian Military Hospitals. (ii) Recruiting Medical Officer. (iii) Regimental Medical Officer. (iv) Deputy Assistant Director of Medical Services, Medical Directorate, G.H.Q.		Total

---

**APPOINTMENT OF A EUROPEAN AS DIRECTOR OF HEALTH SERVICES FOR DELHI PROVINCE**

†1438. \*Seth Govind Das: (a) Will the Secretary of the Health Department be pleased to state the number of I.M.S. officers employed under the Chief Commissioner, Delhi (1) before and during the war; and (2) since the V.J. day, giving the nature of their work, emoluments etc., both before they joined their new jobs in Delhi under the Chief Commissioner and after?

(b) Are Government aware that a new post of Director of Health Services for Delhi Province has been created and that a European officer has been appointed to the post on a salary of Rs. 2,700 plus overseas pay?

(c) Are Government aware that an Indian I.M.S. officer was specially selected to prepare the post-war plan for Delhi Province for health services?

(d) If so, why was he not appointed to carry out his own plans?

(e) Do Government propose to implement his scheme?

(f) Are Government aware that no scheme exists to help the discharged medical men of Delhi Province in their re-settlement and that they are not receiving any help from the Director of Health Services, Delhi Province?

(g) Do Government propose to take steps to ensure that the released medical men of Delhi get preference over outsiders?

**Mr. S. H. Y. Oulnam:** (a) A statement is laid on the table of the House.

(b) The post of Director of Health Services, Delhi Province, was created in 1945. Lt.-Col. D. MacD. Fraser was appointed to the post in October, 1945.

(c) Yes.

(d) Lt.-Col. Fraser was considered by the then Government to be the best officer for the post.

(e) The scheme prepared by Lt.-Col. Chopra has had to be considerably modified and revised partly due to financial limitations and it will not be possible to implement it *in toto*.

(f) Every endeavour is made to assist the discharged medical men of Delhi Province in their resettlement and the Director of Health Services has interviewed a large number of officers and given them advice.

(g) The question of the extent to which released medical men of Delhi should be given preference is under consideration.

---

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

Statement giving the information regarding the number of I. M. S. officers employed under the Chief Commissioner, Delhi (i) before and during the war and (ii) since V-J Day and the nature of their work and emoluments drawn.

I. Number of I. M. S. Officers employed under the Chief Commissioner, Delhi

(i) On the 2-9-1939

(ii) During the war

(iii) Since V-J Day

3

6

5

II Post	Nature of duties	Name of Officer	Emoluments drawn	
			Before joining post under Chief Commissioner, Delhi	On appointment under Chief Commissioner, Delhi
1	2	3	4	5
1. Director of Health Services, Delhi Province	He is in administrative charge of Medical and Public Health Services in Delhi Province. His main task is to initiate and carry through health reorganisation.	Lt. Col. D. Mc. D. Fraser, C. I. E., M. B., Ch. B. (Glasg.), D. M. R. E. (Camb.), I. M. S. (From the 16th November, 1945 to date)	Pay Rs. 2,635 plus O. S. P. £ 13-6-8	Pay Rs. 2,600 plus O. S. P. £ 13-6-8 plus Motor Car Allowance of Rs. 129
2. Chief Medical Officer and Civil Surgeon, Delhi	He is generally incharge of medical work in Delhi as a whole and of the Hindu Rao Hospital	Lt. Col. P. A. Dargan, M. R. C. S. (Eng.), L. R. C. P. (Lond.) I. M. S. (Retd.) (From 1st December, 1944 to date)	Pay of rank plus O. S. P, £ 30	Pay Rs. 1,700 (inclusive of pension) plus S. P. Rs. 400 plus C. A. Rs. 129
3. Additional Civil Surgeon, Delhi	He is in medical charge of the Delhi Jail and the Reformatory School and assists the Chief Medical Officer, Delhi, in attending on Government official etc,	Vacant	.....	.....

II Post	Nature of duties	Name of Officer	Enoluments drawn	
			Before joining post under Chief Commissioner, Delhi	On appointment under Chief Commissioner, Delhi
1	2	3	4	5
4. Superintendent, Irwin Hospital, New Delhi	He is incharge of the Irwin Hospital, New Delhi	Major M. H. Sibal, M. B. B. S. (Pb.), M. R. C. S. (Eng.), M. R. C. P. (Lond), D. P. M. (Eng.), I. M. S. (From 6th November, 1945 to date)	Pay of rank	Pay of rank plus S. P. Rs. 250
5. Chief Health Officer, Delhi	He is incharge of general health matters throughout Delhi Province	Major B. N. Khan, M. B. B. S. (Bom.), D. P. H. (Edin.), I. M. S. (From 4th September, 1944 to date)	Pay of rank plus charge allowance of Rs. 240. plus additional pay of Rs. 200	Pay of rank plus S. P. Rs. 250 plus Motor Car allowance Rs. 129
6. Assistant to the Chief Health Officer, Delhi	He assists the Chief Health Officer	Major M. S. Godha, M. B. B. S. (Pb.), D. P. H. (Eng.), D. T. M. & H. (Lond.), M. R. C. P. (Edin.), I. M. S. (From the 5th November 1945 to date)	Pay of rank plus S. P. Rs. 250	Pay of rank plus S. P. Rs. 250

## SEARCH OF COMMUNIST PARTY OFFICES FOR CIRCULARS ENTITLED 'OPERATIONS ASYLUM'

1439. \***Sri M. Ananthasayanam Ayyangar** (on behalf of **Maharajkumar Dr. Sir Vijaya Ananda**): Will the Secretary of the Defence Department be pleased to state whether Government propose to place on the table of the House the texts of the original circulars entitled 'operations Asylum' for which the Communist Party Offices were raided all over India and whether it is a fact that Government had repudiated these circulars

**Mr. G. S. Bhalja**: No, Sir. It cannot be placed on the table of the House as it is a privileged document.

The answer to the second part of the question is in the negative.

**Mr. Ahmed E. H. Jaffer**: May I ask what is meant by a privileged document.

**Mr. G. S. Bhalja**: A document which is not for publication and therefore not to be placed on the table of the House.

**Mr. Yusuf Abdoola Haroon**: Is it not a fact that the contents of this document are widely known all over the country? If so, will the Honourable Member think it advisable to place a copy of it on the table of the House?

**Mr. G. S. Bhalja**: Government is aware that certain extracts from this highly confidential document appeared in a certain newspaper, but from that it does not follow that the Government should place this document on the table of the House.

**Mr. Ahmed E. H. Jaffer**: Now that certain portions of this document have appeared in the press, may I ask if they are correct? Is the Government prepared to admit them or deny them?

**Mr. G. S. Bhalja**: I do not propose to contradict or confirm the contents of the articles in newspapers on this subject.

**Mr. Yusuf Abdoola Haroon**: Will the Government permit the publication of this document in the press? If not, what steps will the Government take if it is so printed?

**Mr. G. S. Bhalja**: That is a hypothetical question, but certainly Government will not permit the publication of this document.

## GRANT OF SHORT SERVICE COMMISSIONS TO INDIANS IN THE R.I.A.

†1440. \***Pandit Sri Krishna Dutt Paliwal**: Will the Secretary of the Defence Department be pleased to state:

(a) the number of Indians who have been granted Short Service Commissions in the R.I.A.F. under the new scheme; and

(b) the extent to which nationalisation of the Indian Army has been achieved since the establishment of the Interim Government?

**Mr. G. S. Bhalja**: (a) No Short Service Commissions have so far been granted in the R. I. A. F.

(b) I lay a statement on the table of the House showing the number of British and Indian Officers and men on the 1st September, 1946 and 1st February, 1947.

---

†Answer to this question laid on the table, the questioner having exhausted his quota.

Statement showing the number of British and Indian officers and men in the Indian Army on 1-9-46 and 1-2-47

	1-9-46	1-2-47	Reduction or increase
British Officers . . . . .	23412	15653	-7759
Indian Officers . . . . .	11353	11426	+73
British other Ranks . . . . .	38585	21127	-17458
Short Service Commissions (Indians).	1242	2401	+1159 (Short Service Commissions are not given to Britishers).

#### ESTABLISHMENT OF A NATIONAL COPY-RIGHT LIBRARY IN DELHI

†1441. \*Pandit Sri Krishna Dutt Paliwal: Will the Honourable Member for Education be pleased to state:

(a) whether Government propose to establish a National Copy-right Library in Delhi; and

(b) whether plans for the same have been formulated?

**The Honourable Maulana Abul Kalam Azad:** (a) A proposal for the establishment of a Central Library including a Copyright Section at New Delhi has been included in the Post-war Educational Development Plan of the Government of India for 1947-48.

(b) A sum of Rs. 15,000 has been provided in the next financial year for preliminary expenditure in this connection. An expert committee is to be set up immediately with a view to working out the details of the scheme.

#### PURCHASE OF NICKEL BY GOVERNMENT FOR COINAGE

1442. \*Mr. Manu Subedar: (a) Will the Honourable the Finance Member be pleased to state how much nickel was purchased by Government in the years 1944-45, 1945-46 and 1946-47, from whom was it purchased, and what was the price paid?

(b) How much nickel has been used for the coinage of subsidiary nickel coins of four annas and eight annas?

(c) How much nickel is expected to be used in the change-over to the nickel rupee?

(d) How much silver is estimated to be returned by the abolition of silver coinage in this country, so far as the rupee coins are concerned?

(e) How much silver has been recovered as the result of the change-over of four anna and eight anna coins?

**The Honourable Mr. Liaquat Ali Khan:** (a) I lay a statement on the table of the House.

(b) 491.3 tons of Nickel was used till the 28th February 1947 on the manufacture of half and quarter rupee Nickel coins.

(c) Approximately 12,300 tons of Nickel will be required to replace the existing quaternary rupee coins by Nickel coins.

(d) and (e). It is too early to make an estimate of the amount of silver likely to accrue to Government from the return of quaternary coins.

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

Amount of Nickel purchased by Government for use in the Mints during 1944-45, 1945-46 and 1946-47

1944-45	. Nil.
1945-46	. 400 tons from U. K. at a cost of £. 78,584. 80 tons from Indian Ordnance Factories at Rs. 2,96,123.
1946-47	. 107 tons from Disposals Directorate at Rs. 4,34,625 for the lot. 159 tons from Australia at about £ 244 per ton (Australian money). 1560 tons from U. K. at about £ 190 per ton for nickel supplied in the form of pellets and £ 450 per ton for nickel supplied in the form of manufactured nickel blanks.

**Mr. Yusuf Abdoola Haroon:** May I know from the Honourable Member as to how he proposes to dispose of this silver when it is recovered?

**The Honourable Mr. Liaquat Ali Khan:** In reply to one of the questions I have stated that we have to return to the United States the silver that we borrowed from that country in the form of silver.

**Mr. Manu Subedar:** In regard to the nickel price paid, are Government aware that there is a nickel combine in the world and the Canadian Nickel Company from whom I understand these purchases were made are controlling prices? Have Government compared these prices with the pre-war prices and prices at which nickel has been parted with after the war ended to other countries?

**The Honourable Mr. Liaquat Ali Khan:** I understand, Sir, that the nickel that has been bought from Canada is the cheapest.

**Mr. Yusuf Abdoola Haroon:** In view of the silver prices rising in the Bombay market, does not the Government feel advisable to sell some of its reserves?

**The Honourable Mr. Liaquat Ali Khan:** Sir, this is a matter that I am afraid that I cannot discuss here.

**Dr. Zia Uddin Ahmad:** In the interests of stabilising the prices, does not the Honourable Member think it advisable to fix the price of silver in terms of his paper rupee?

**The Honourable Mr. Liaquat Ali Khan:** That does not arise out of the question which is before the House.

**Dr. Zia Uddin Ahmad:** When I consider the prices I always mean the prices in terms of the paper rupee and not the prices in terms of silver and gold.

**The Honourable Mr. Liaquat Ali Khan:** There is no difference between the price of the silver coin and the paper rupee.

**Dr. Zia Uddin Ahmad:** Silver realized by means of these coins!

**Sri M. Ananthasayanam Ayyangar:** May I ask the Honourable Member if one of the terms of the agreement with the United States of America is that this Government should return silver in specie, and if so, why should not the dollar be given and then the price of silver may be paid to the United States.

**The Honourable Mr. Liaquat Ali Khan:** The condition is that silver should be returned in silver.

#### 'PAY AS YOU EARN' SYSTEM OF INCOME-TAX.

**1443. \*Mr. Manu Subedar:** (a) Will the Honourable the Finance Member be pleased to state in how many cases in the "Pay as you can" system of income-taxes, have Government charged in each of the Income-tax Circles in India?

(b) Have Government examined the necessity of continuing this measure in view of the extra work, which devolves on Income-tax officers and on members of the public?

(c) What steps are Government taking in order to catch up with the arrears of unpaid income-tax, super-tax and Excess Profit Tax and have Government got an estimate of such arrears?

(d) Have Government considered the desirability of relieving Income-tax officers, so that they may collect the arrears, rather than the advance and, if so, what decision have they reached?

**The Honourable Mr. Liaquat Ali Khan:** (a) In 1945-46, demand under the 'pay as you earn' scheme had been made in 94,561 cases. Figures for each income-tax circle are not readily available.

(b) Yes.

(c) I take it that by "arrears of unpaid" taxes the Honourable Member is referring to tax involved in the pending cases. On a rough computation such arrears of income-tax and super-tax may be taken at about Rs. 52 crores. Steps have already been taken to strengthen the assessing staff and it is hoped that the entire amount will be collected in 1946-47 and 1947-48. With the abolition of Excess Profits Tax, the cases in arrears are being cleared as speedily as possible.

(d) Does not arise.

**Mr. Manu Subedar:** In view of the fact that "Pay as you can" creates a lot of trouble for the officers and that Government are able to borrow money at Treasury Bills at a very low rate, will not Government consider the desirability of discontinuing this system of paying as you can, which will relieve assessee of the trouble and which will relieve Government officers also of the trouble involved?

**The Honourable Mr. Liaquat Ali Khan:** There is no trouble to the assessee, because in the case of other assessee like salaried people the tax is being deducted at the source. The Government think that this arrangement has worked very satisfactorily and it is intended to continue this arrangement.

**Shri Mohan Lal Saksena:** May I know whether this huge amount of 52 crores was taken into account in the Budget estimates this year?

**The Honourable Mr. Liaquat Ali Khan:** With regard to this I would like to point out that in 1946-47 we expected to collect Rs. 29,87,97,000 and the balance of about 22 crores which is expected to be collected in 1947-48 has been included in the estimates for that year.

**Mr. Manu Subedar:** Having regard to the increased personnel which the Government are adding to the Income-tax Department, would it not be possible to wipe out most of the arrears and to carry forward less of the arrears next year than has been the case this year?

**The Honourable Mr. Liaquat Ali Khan:** I have just given the details about this 52 crores, viz., that we expected to collect 29.87 crores in 1946-47 and the balance of 22 crores is expected to be collected in 1947-48.

**Mr. Manu Subedar:** Putting my question differently, have Government examined whether the revenues of this year will not benefit enormously by the collection of outstanding arrears which will be assisted by the new staff which they will employ?

**The Honourable Mr. Liaquat Ali Khan:** These figures have been given after taking into consideration the new staff that will be engaged or has been engaged?

#### COST OF STORES TAKEN BY THE ARMY WHICH ARE NOT CHARGED TO ARMY.

1444. **\*Mr. Manu Subedar:** (a) Will the Honourable the Finance Member be pleased to state what is the total cost of the stores taken by the Army, which are not charged to the Army?

(b) Is it a fact that the Defence expenditure indicated in the Budget is the nett amount, not taking any allowance for material paid for by India, which is

being given to the Defence Department free of cost, as mentioned in the Explanatory Memorandum?

**The Honourable Mr. Liaquat Ali Khan:** (a) The information is not available.

(b) As stated in the Explanatory Memorandum, no provision has been made in the Defence Budget for the year 1947-48 for the cost of the stores to be drawn from the stocks.

**Mr. Manu Subedar:** In order to have a more accurate estimate of the details in the Defence Department would it not be possible for the Honourable Member to ask the Army who have used these materials as to how much they have used in the course of the last year and how much they would be using in the course of the next year?

**The Honourable Mr. Liaquat Ali Khan:** The matter is being examined.

#### EXPENDITURE ON INDIAN TROOPS EMPLOYED OUTSIDE INDIA

1445. **\*Mr. Manu Subedar:** (a) Will the Secretary of the Defence Department be pleased to state what kind of troops, of the Indian Army, how many, and at what cost, are being employed outside India, for which the expenditure would be debited to His Majesty's Government?

(b) What kind of British troops, how many and at what cost, are being employed in India, of which the cost will have to be paid by India?

(c) What are the relative amounts and why are British troops, which are not part of the Indian Army, maintained in this country?

(d) What purpose are they serving and since when have the Government of India undertaken the obligation of paying the full cost of maintenance of such troops?

(e) Is it a fact that this is a remnant of the demobilisation of British troops, which was slackened, and if that was so, under what circumstances and why is the charge for British troops (as distinct from British troops which are part of the Indian Army) borne by India?

**Mr. G. S. Bhalja:** (a) The amount recoverable from His Majesty's Government in the United Kingdom in 1947-48 on account of the pay and allowances of personnel of the Indian Army serving outside India is estimated at Rs. 4,67 crores, *vide* page 14 of the Budget Estimates of the Defence Services for 1947-48. This estimate is based on an average strength of 55,000 personnel. No information is available in regard to the maintenance charges of these troops which are met direct by His Majesty's Government in the United Kingdom.

(b) The total expenditure on all heads to be incurred by India during 1947-48 on account of British troops is roughly estimated at Rs. 10 crores. As regards the number in India at present, I regret, Sir, I am unable to state the figure.

(c), (d) and (e). The maintenance of British troops in India is a necessary consequence of past policies. This is a temporary phase today which will end in the near future when power is transferred by H. M. G. in the U. K. to India.

**Mr. Manu Subedar:** May I know who determines this personnel and why India should bear ten crores of cost and receive only 4,67 crores from the use of our troops outside India? Why cannot these troops be swapped so that they can take their troops and we keep back our men?

**Mr. G. S. Bhalja:** The British troops in India are maintained not for purposes of sending them abroad but for the purposes of the defence of India. By the phrase "defence of India", I mean internal as well as external defence.

**Mr. Manu Subedar:** Who determines the sending out of Indian troops abroad and the continued maintenance of those troops there? Is the decision taken by the Government of India or by the Defence Council?

**Mr. G. S. Bhalja:** My Honourable friend should know that these decisions were taken before the Interim Government took office. The troops which have



been sent abroad were sent with the consent of the Government of India of the day.

**Mr. Manu Subedar:** Whatever the legal position may be with regard to the 1935 Act, we are all anxious to know whether in fact such decisions are not now being taken or proposed to be taken by the Government in this country and whether in regard to these army matters India is not going to have the same status as any other Dominion Government enjoys at present?

**Mr. G. S. Bhalja:** The constitutional position is that the Governor General in Council is precisely in the same position in relation to military matters as he is in relation to any other matter to which his executive authority extends. Under Section 314 of the Government of India Act, the Governor General in Council is under the control of the Secretary of State and is bound to comply with such particular directions, if any, as may be given by him. Under this section as well as under sub-section (2) of Section 41 in the Ninth Schedule the handling of military matters, as of any other matter by the Governor General in Council, is potentially controllable by the Governor General and the Secretary of State. This is, however, subject to the declaration of His Majesty's Government that they would treat the new Interim Government with the same close consultation and consideration as a Dominion Government.

**Mr. Manu Subedar:** I am very happy to learn about the announcement of the intention of His Majesty's Government to treat this country as a Dominion country in practice. May I know whether this declaration has been acted upon and will be acted upon in future?

**Mr. G. S. Bhalja:** Yes, Sir. The declaration is being acted upon. The declaration was made on the 30th May, 1946.

**Mr. Sasanka Sekhar Sanyal:** Is it possible for the Honourable Member to say how much of these British forces are kept for purposes of internal defence and how much for external defence?

**Mr. G. S. Bhalja:** There is no such clear cut division made as regards the forces kept in a country—that a particular portion is earmarked exclusively for external defence and another portion for internal defence.

**Mr. Sasanka Sekhar Sanyal:** May I know whether this Government has measured the necessity in terms of external and internal defence?

**Mr. G. S. Bhalja:** My Honourable friend is aware that the Government of India are considering the future size of the armed forces in this country for these purposes.

**Mr. Manu Subedar:** With reference to part (e) of the question, may I know apart from the British troops which are maintained and maintainable by the Government of India, whether there are any surplus British troops belonging to His Majesty's Government whose demobilisation has been delayed on account of shipping and whether there is not a certain number of them in this country and if so, is India bearing any cost in connection with them?

**Mr. G. S. Bhalja:** A certain number of troops are awaiting demobilisation. Their cost is borne by the Government of India as has been the practice throughout.

**Mr. Manu Subedar:** What steps are Government taking in order to reduce this burden on this country?

**Mr. G. S. Bhalja:** The process of demobilisation is going on and in due course it will be completed.

**Shri Mohan Lal Saksena:** May I know whether the question of the continuance of Indian troops abroad has been considered by the present Government?

**Mr. G. S. Bhalja:** Of course, Sir. I made a full statement on the policy of the Government of India with regard to the maintenance of Indian troops abroad.

**REWARDS TO THE HEADS OF ESTABLISHMENTS OF GOVERNMENT DEPARTMENTS FOR  
REDUCING EXPENDITURE**

**1446. \*Sjt. N. V. Gadgil** (on behalf of **Mr. Vadilal Lallubhai**): (a) Will the Honourable the Finance Member please state whether there is any system of giving rewards to the Heads of Establishments under each Department of the Government of India who after the budget for the next year has been prepared and sanctioned, reduce expenditure as and when the work becomes less?

(b) If the reply to part (a) above be in the negative, is there any system of imposing penalties for reducing expenditure on the ground of preparing incorrect budget estimates?

(c) Are Government aware that due to the fear in the minds of the Heads of Departments of the Government of India that they may be reprimanded if expenses do not come up to the budget estimates they are reluctant to retrench even temporary staff and reduce other expenses during the course of the financial year as a result of which heavy loss is sustained by the Exchequer?

(d) Are there any offices in the Government of India in which work is reduced but no retrenchment is made?

**The Honourable Mr. Liaquat Ali Khan**: (a), (b) and (d). No, Sir.

(c) The Honourable Member's impression is not correct. No officer is reprimanded for effecting savings in the sanctioned budget. On the contrary, all economies effected during the course of the year are welcomed by Government.

**HINDU JATS IN THE INDIAN ARMY, NAVY AND AIR FORCE**

**†1447. \*Chaudhri Sri Chand**: Will the Secretary of the Defence Department please state:

(a) the number of Hindu Jats in the Indian Army, Navy and Air Force (i) before the war, (ii) during the war, and (iii) at present; and

(b) what it will be after the present demobilisation?

**Mr. G. S. Bhalja**: (a) I lay a statement on the table of the House.

(b) The size and composition of the post-war Armed Forces of India have not yet been determined, but, roughly speaking, the number of Hindu Jats in the post-war Indian Army is likely to be about 11,000, if present plans are accepted.

*Statement showing the strength of Hindu Jat in the Indian Army*

Before the war (1-1-1939)	9,240
During the war (1-9-1945) (Peak period)	46,680
At present (1-2-1947)	21,840

It is regretted that statistics in this detail are not maintained for the Royal Indian Navy and the Royal Indian Air Force.

**REGIMENT OF HINDU JATS**

**†1448. \*Chaudhri Sri Chand**: Will the Secretary of the Defence Department please state whether there is any Regiment consisting purely of Hindu Jats; if not, the reasons therefor?

**Mr. G. S. Bhalja**: There is no regiment of the Indian Army wholly composed of Hindu Jats. There are, however, many Jat squadrons and companies in the Armoured Corps and Infantry Regiments of the Army. For instance, the Indian Grenadiers is composed of 75 per cent. Jats. The Rajputana Rifles and the Jat Regiment each have 50 per cent. of Jats while there are no less than ten Jat squadrons in the Armoured Corps.

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

The number of recruits furnished by the Jat community could not support a separate Jat regiment in addition to the above, and to form a Jat Regiment by the transfer of Jats from existing units would not be desirable in the interests of those serving or administratively possible without grave dislocation of the existing organisation of the Army.

**PROPORTION OF COMMISSIONED OFFICERS IN THE INDIAN ARMY TO THE NUMBER OF SOLDIERS OF EACH COMMUNITY IN THE INDIAN FIGHTING FORCES**

†1449. \***Chaudhri Sri Chand:** Will the Secretary of the Defence Department please state if Government propose to appoint proportionate number of Commissioned and Non-Commissioned Officers in the Indian Army, to the number of soldiers of each community in the Indian Fighting Forces? If not, why not?

**Mr. G. S. Bhalja:** No, Sir, as the policy of Government is that the Armed Forces should be free from communal considerations.

**INDIAN MEMBERS OF WOMEN'S MEDICAL SERVICE IN THE LADY HARDINGE MEDICAL COLLEGE, DELHI**

1450. \***Mr. Manu Subedar:** (a) Will the Secretary of the Health Department please state the number of Indian members of the Women's Medical Service of the Lady Hardinge Medical College, and who is the seniormost among them?

(b) Which non-Indian members of the Women's Medical Service are seniors, and what are their appointments and emoluments?

(c) For how long has the appointment of the present Principal and Medical Superintendent of the Institution been made and when does the period expire?

(d) What arrangements have been made by Government for adding to the Indian staff of this College?

(e) What is the policy of Government with regard to the Principalship and have they made any arrangements for the post of the Principal and Medical Superintendent of this College to be filled by an Indian and, if so, in what manner and when?

**Mr. S. H. Y. Oulnam:** (a) and (b). A list showing the seniority and emoluments of officers of the Women's Medical Service, both Indian and non-Indian serving on the staff of the Lady Hardinge Medical College and Hospital is laid on the table of the House.

(c) The present Principal was appointed on 16th November 1946. No term has been fixed for the appointment. The Principal can serve in the post until she reaches the age of 55.

(d) and (e). Appointments to the staff of the College are not made by Government but by the Governing Body of the College. Under the bye-laws for the control and management of the institution the post of Principal is ordinarily held by an officer of the Women's Medical Service. The selection for the post of Principal is made by the Governing Body of the Institution from a panel of names of suitable members of the Women's Medical Service obtained from the authorities of the Countess of Dufferin Fund who control the Women's Medical Service.

---

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

List of W. M. S. officers in the Lady Hardinge Medical College and Hospital in order of seniority showing their emoluments

Name of W. M. S. Officers	Pay p. m.	Allowances p. m.	Total emoluments p. m.	Whether Indian or non-Indian	
	Rs.		Rs.	Rs.	
1. Dr. K. J. McDermott, Principal and Medl. Supdt.	750	Overseas alloc. . . . .	150	1,595	Non-Indian.
		Alloc. as Professor of Anatomy . . . . .	250		
		Administrative alloc. as Principal and Medl. Supdt. . . . .	400		
		Compensatory alloc. in lieu of fees. . . . .	45		
2. Dr. H. E. Acheson, Vice-Principal and Joint Medl. Supdt.	750	Overseas alloc. . . . .	150	1,295	Non-Indian.
		Alloc. as Professor of Obstetrics & Gynaecology. . . . .	250		
		Administrative alloc. as Vice-Principal and Joint Medl. Supdt. . . . .	100		
		Compensatory alloc. in lieu of hospital fees . . . . .	45		
3. Dr. H. B. Patil, Prof. of Pathology	650	Allowance as Prof. of Pathology. . . . .	200	959	Indian.
		Compensatory alloc. in lieu of hospital fees . . . . .	45		
		Cost of living War alloc. . . . .	49 15		
4. Dr. B. M. Joly, Prof. of Surgery.	650	Overseas alloc. . . . .	150	1,095	Non-Indian.
		Teaching alloc. . . . .	250		
		Compensatory alloc. . . . .	45		
5. Dr. E. Smith, Prof. of Radiology.	550	Teaching alloc. . . . .	250	905	Indian.
		Compensatory alloc. . . . .	45		
		War alloc. . . . .	19		
		Cost of living . . . . .	41		
6. Dr. R. Vethavanam, Prof. of Medicine.	550	Teaching alloc. . . . .	200	806	Indian.
		Cost of living . . . . .	41		
		War alloc. . . . .	15		
7. Dr. G. D. Daruvala, Prof. of Pharmacology.	450	Teaching alloc. . . . .	200	699	Indian.
		Cost of living . . . . .	34		
		War alloc. . . . .	15		

**Mr. Manu Subedar:** Is it intended to continue this Women's Medical Service in this country or is it in the process of disintegration with the disintegration of the I. M. S.?

**Mr. S. H. Y. Oulsnam:** The Women's Medical Service has no connection with the Indian Medical Service. The question of its future will be a matter for consideration in due course.

**Mr. Yusuf Abdoola Haroon:** May I know from the Honourable Member how many members of the Governing Body are Indians?

**Mr. S. H. Y. Oulsnam:** At least 10 out of 13.

**Mr. Ahmed E. H. Jaffer:** What is the age of the Principal, may I know? I only want to know this because . . .

**Mr. President:** *The Honourable Member may ask for the information; he need not give his reasons for asking it.*

**Mr. Ahmed E. H. Jaffer:** I only want to calculate for how many years she is going to continue, on the basis of retirement at 55.

**Mr. S. H. Y. Oulsnam:** About six.

**Sri M. Ananthasayanam Ayyangar:** Is there any scheme to Indianise the Women's Medical Service?

**Mr. S. H. Y. Oulsnam:** No, there is no such scheme at present.

**Sri M. Ananthasayanam Ayyangar:** Is it not a fact that the entire cost of the administration of this is borne by the Central Government?

**Mr. S. H. Y. Oulsnam:** The cost of the administration of the Women's Medical Service is borne by the Central Government.

**Sri M. Ananthasayanam Ayyangar:** What is the kind of control exercised by Government over this and why has there been no attempt to Indianise the staff?

**Mr. S. H. Y. Oulsnam:** The future of the Women's Medical Service is a matter which will come under review during the next few months.

**Mr. Manu Subedar:** The Honourable the Health Secretary said on the floor of the House the other day that Government will consider the question of tightening their hold over this institution the bulk of whose cost Government are bearing. May I know whether any steps have been taken in that direction?

**Mr. S. H. Y. Oulsnam:** Not yet; I made that statement only a few days ago.

**Mr. Manu Subedar:** Will the Honourable the Health Secretary assure the House that steps will be taken in order that Government should have complete control over this institution whose cost they are bearing instead of working through this intermediate course which has not proved very satisfactory?

**Mr. S. H. Y. Oulsnam:** I said the other day that the matter would be considered. I cannot say anything more at present.

**Sri M. Ananthasayanam Ayyangar:** Is it not a fact that from time to time the claims of Indian officers for higher appointments and posts in this service have been overlooked deliberately, and will the Honourable Member please go into the question in the case of the various persons who have complained?

**Mr. S. H. Y. Oulsnam:** I am not aware of it, but if any particular case is referred to me it will be carefully examined.

**Lala Deshbandhu Gupta:** Now that the Advisory Council to the Chief Commissioner has been appointed, will Government consider the desirability of handing over the control of this institution to the Local Government?

**Mr. S. H. Y. Oulsnam:** No, Sir.

#### STEPS TO GIVE EFFECT TO THE PROVISIONS OF THE ANTI-CORRUPTION ACT

**1451. \*Babu Ram Narayan Singh:** (a) Will the Honourable the Home Member be pleased to state whether Government have taken any administrative steps to give effect to the provisions of the Anti-Corruption Act recently passed by this House and if so, what?

(b) Have Government issued any instructions to the Provinces in connection with this Act?

**The Honourable Sardar Vallabhbhai Patel:** (a) and (b). No administrative steps or specific instructions to Provinces are necessary for the purpose of implementing the provisions of the Act.

**Babu Ram Narayan Singh:** What was the purpose in enacting that measure?

**The Honourable Sardar Vallabhbhai Patel:** The purpose is mentioned in the aims and objects, but no instructions are necessary for the purpose; it works automatically.

**Babu Ram Narayan Singh:** May I know what steps this Government are taking with regard to the Centrally administered area?

**The Honourable Sardar Vallabhbhai Patel:** No special steps are necessary. The required staff has been appointed.

**Babu Ram Narayan Singh:** We want to know what are the steps that are being taken.

**The Honourable Sardar Vallabhbhai Patel:** I do not understand the question. No steps are necessary for the enforcement of the Act. The staff has been appointed and it is working.

**Babu Ram Narayan Singh:** I want to know what steps are suggested to be taken.

**Mr. President:** It will be a matter for argument.

**Sri M. Ananthasayanam Ayyangar:** The Honourable Member wants to know whether any cases have been launched in pursuance of this Act and how far it has been brought into operation.

**The Honourable Sardar Vallabhbhai Patel:** If that information is asked for it will be obtained.

#### ABOLITION OF THE ARMS ACT

1452. **\*Babu Ram Narayan Singh:** (a) Will the Honourable the Home Member be pleased to state whether the Government of India propose to consult the Provincial Governments on the subject of abolition of the Arms Act?

(b) Are Government aware that the last Royal Agriculture Commission had recommended liberal grant of gun licenses to cultivators, and if so, do Government propose to advise the Provincial Governments to follow the recommendations?

**The Honourable Sardar Vallabhbhai Patel:** (a) I have already initiated correspondence with the Provincial Governments on the question of relaxing the present restrictions on the issue of licences for arms. The Government of India have no present intention of considering the total abolition of the Arms Act.

(b) Yes. The recommendation was in line with the policy of the Government of India of which the Provincial Governments are well aware; and last year Provincial Governments were addressed as regards measures for checking the damage done to crops by wild beasts.

**Mr. Ahmed E. H. Jaffer:** In view of the fact that members of this House find great difficulty in obtaining arms for personal protection what steps do Government propose to take so that members of this House can obtain arms and ammunition immediately?

**The Honourable Sardar Vallabhbhai Patel:** If any Honourable Member of this House experiences any difficulty in the matter I will see that it is remedied. If any member gives me information that he is unable to get arms I will see that he gets them.

**Mr. Ahmed E. H. Jaffer:** May I ask whether the Honourable Member is aware of the fact in Bombay arms and ammunition dealers are forbidden to sell arms and ammunition to anybody? In the circumstances how can we obtain the arms and ammunition we require?

**The Honourable Sardar Vallabhbhai Patel:** I do not know about the orders of that Government on this question. But if there is any difficulty in obtaining arms for any Member of this House we shall see that they are supplied from somewhere else.

**Mr. Yusuf Abdoola Haroon:** May I know from the Honourable Member whether it is a fact that the Members of this House are allowed to retain arms without a licence, and if so, whether the Provincial Government's orders can override that?

**The Honourable Sardar Vallabhbhai Patel:** The Provincial Government's orders cannot override such order.

**Capt. Syed Abid Hussain:** Have any instructions been issued by the Central Government to the Provincial Governments to withdraw licences from persons, because licences are being withdrawn in large numbers?

**The Honourable Sardar Vallabhbhai Patel:** If licences are being withdrawn, they are being withdrawn from certain areas where the arms are being snatched away from people who are not able to keep their arms safe and they are being used for other purposes.

**Sri M. Ananthasayanam Ayyangar:** May I know from the Honourable Member what steps have been taken, or are being taken, to prevent smuggling of arms and ammunition? It is said that certain cartridges from Bahawalpur and other States were found in the streets of Lahore.

**The Honourable Sardar Vallabhbhai Patel:** Does it arise out of the question, Sir?

**Sri M. Ananthasayanam Ayyangar:** It arises on the question of the abolition of the Arms Act.....

**Mr. President:** It has nothing to do with smuggling.

**Lala Deshbandhu Gupta:** Is the Honourable Member aware that in Delhi second-hand firearms are selling at very exorbitant prices, 800 to 400 per cent. of the original price?

**The Honourable Sardar Vallabhbhai Patel:** Is it suggested that Government is selling second-hand firearms?

**Lala Deshbandhu Gupta:** No, Sir.

**Mr. President:** The suggestion is that some others are doing it and that Government is aware of it.

**Lala Deshbandhu Gupta:** May I know whether the Honourable Member is taking steps to see that people who have licences do get firearms at a reasonable price?

**The Honourable Sardar Vallabhbhai Patel:** I am unable to follow the question. Is it suggested that the Government is supplying second-hand arms?

**Lala Deshbandhu Gupta:** I only want to bring to the notice of the Honourable Member that British officers who are retiring are daily advertising in the *Statesman* and the *Hindustan Times* the sale of their firearms at exorbitant prices, and since firearms are not easily available in the market people are paying exorbitant prices to them.

**The Honourable Sardar Vallabhbhai Patel:** I am not aware of it but I will make enquiries.

**Dr. Zia Uddin Ahmad:** May I know whether the Government of India have issued instructions to Provincial Governments that firearms may be given freely to certain classes of people and may not be supplied to another class?

**The Honourable Sardar Vallabhbhai Patel:** I am not aware of these instructions by Provincial Governments but I will make enquiries if the Honourable Member so wishes.

**Mr. Yusuf Abdoola Haroon:** Have no such instructions been issued by the Central Government to the Provincial Governments?

**The Honourable Sardar Vallabhbhai Patel:** No such instructions have been issued.

**Maulana Zafar Ali Khan:** Is it a fact that firearms are being exported to Delhi from Patiala State?

**Mr. President:** This does not arise out of the question.

SCHOLARSHIPS FOR THE STUDY OF VETERINARY ANIMAL HUSBANDRY.

1453. **\*Mr. Mohammad M. Killedar:** Will the Honourable Member for Education please state:

(a) how many scholarships have been granted to the Indian students to study Veterinary Animal Husbandry in foreign countries;

(b) to which countries students are sent for training; and

(c) how many of them are Muslims and how many are Hindus?

آنریبل مولانا ابوالکلام آزاد : (اے) سنہ ۴۵ اور ۴۶ میں ۲۵ اسکالرشپ گورنمنٹ آف انڈیا کی طرف سے دئے گئے - اس برس کے امیدواروں کا معاملہ آخری طور پر ابھی طے نہیں ہوا ہے لیکن ۱۸ اسکالرشپ اس سبجیکٹ کے لئے رکھے گئے ہیں -

(بی) اس وقت تک اس سبجیکٹ کے طالب علم یونائیٹید کنگڈم - یونائیٹید اسٹیٹس آف امریکہ اور آسٹریلیا میں بھیجے گئے -

(سی) ۲۵ امیدواروں میں جو سنہ ۴۵ اور سنہ ۴۶ میں گئے ان میں ۹ مسلمان ہیں - ۱۵ ہندو اور ایک سکھ -

**The Honourable Maulana Abul Kalam Azad:** (a) Twentyfive scholarships were awarded by the Government of India in 1945 and 1946. This year's award of scholarships has not yet been finally settled but eighteen scholarships were allotted to this subject.

(b) Students have so far been sent to the United Kingdom, the United States of America and Australia.

(c) Out of the twentyfive selected in 1945 and 1946, nine were Muslims, fifteen Hindus and one Sikh.

**Sri M. Ananthasayanam Ayyangar:** May I know from the Honourable Member persons with what degree of capacity in this country have been sent to foreign countries for higher studies?

آنریبل مولانا ابوالکلام آزاد : جب طالب علم سنڈر پار بھیجے جاتے ہیں تو یہ خیال کیا جاتا ہے کہ کس ملک میں اس سبجیکٹ کے اوپر انتظام ہو سکتا ہے - بس اسی طریقے سے وہ بھیجے جاتے ہیں -

**The Honourable Maulana Abul Kalam Azad:** When scholars are sent abroad the fact that in a particular country arrangements can be made for instructions in a particular subject is taken into consideration.

**Sri M. Ananthasayanam Ayyangar:** Has there not been applications from persons already in service, long after they completed their scholastic career, for going to foreign countries, so that they may bring to bear their knowledge from foreign countries upon their service here?



آنریبل مولانا ابوالکلام آزاد : نہیں اس وقت تک ایسا انتظام نہیں ہوا ہے -

**The Honourable Maulana Abdul Kalam Azad:** No. No such arrangement has yet been made.

**Mr. Ahmed E. H. Jaffer:** May I ask whether the selection is made by the Federal Public Service Commission or the departmental board of the Government of India?

آنریبل مولانا ابوالکلام آزاد : سیلکشن بورڈ بتھایا جاتا ہے وہ سیلکشن کرتا ہے -

**The Honourable Maulana Abul Kalam Azad:** A selection board is appointed to make the selection.

لالہ دیس بندھو گھتا : کیا جناب یہ بنڈلٹنگ کے جو اسکالرشپ طالب علموں

کو دئے گئے ہیں ان میں سے صوبہ دہلی کے کتنے طلباء کو ملے ہیں -

**Lala Deshbandhu Gupta:** Will the Honourable Member tell us how many of the scholarships awarded have been given to the students from the Delhi Provinces?

آنریبل مولانا ابوالکلام آزاد : اس کے لئے نوٹس چاہئے -

**The Honourable Maulana Abul Kalam Azad:** I want notice.

#### REVISION OF THE SALARIES OF THE STAFF OF THE CANTONMENT BOARDS IN INDIA

†1454. \***Mr. Hafiz M. Ghazanfarulla:** Will the Secretary of the Defence Department please state:

(a) whether any scheme for revising the salaries of the staff of the Cantonment Boards in India is under the consideration of Government;

(b) whether the Pay Commission is considering the question of increase in pay of Cantonment Boards in India; and

(c) when the question about the revision of salaries of Cantonment Boards will be decided?

**Mr. G. S. Bhalja:** (a) No, Sir; the salaries of the staffs of Cantonment Boards are fixed by the Boards themselves, not by the Government of India.

(b) No, Sir.

(c) Does not arise.

#### ASSAMESE IN THE GOVERNMENT OF INDIA SECRETARIAT

1455. \***Sreejot Rohini Kumar Chaudhuri:** Will the Honourable the Home Member be pleased to state:

(a) the total number of Assamese serving in the Government of India Secretariat at New Delhi;

(b) the number of Assamese Officers in the various departments of the Government of India in New Delhi other than the Secretariat;

(c) whether the Federal Public Service Commission notifications appear in any daily newspaper in Assam; if so, in which daily; and

(d) whether Government propose to publish all Government of India notifications in the daily papers of Assam, as they are being published in the other provincial dailies?

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

**The Honourable Sardar Vallabhbhai Patel:** (a) and (b). Excluding inferior staff, fourteen in the Secretariat and twelve in the Attached Offices. Information about the number of Assamese in the various Central subordinate offices in Delhi is not readily available.

(c) Yes, *Assam Herald* and *Shillong Times*.

(d) Government notifications regarding recruitment will continue to be advertised in the *Assam Herald* and *Shillong Times*.

**Sreejut Rohini Kumar Chaudhuri:** The two papers mentioned by the Honourable Member are weekly papers.

**The Honourable Sardar Vallabhbhai Patel:** These are not daily papers. We shall write to the Public Service Commission to see that some daily papers are included. Are there any daily papers?

**Sreejut Rohini Kumar Chaudhuri:** Yes, *Assam Tribune* and *Assamiya*. As regards (b) my information is that there is not a single Assamese officer in the Secretariat.

**Mr. President:** He must accept the information of the Honourable Member.

**Sreejut Rohini Kumar Chaudhuri:** May I ask whether the Provincial Governments are asked to send in names at the time of selecting the secretaries and Assistant Secretaries from amongst Provincial services?

**The Honourable Sardar Vallabhbhai Patel:** The Provincial Governments are not consulted. It is the Federal Public Service Commission that advertises and makes the appointments.

**DATE OF COMPETITION EXAMINATION FOR ALL-INDIA SERVICES TO BE HELD BY THE FEDERAL PUBLIC SERVICE COMMISSION.**

**1456. \*Maulana Zafar Ali Khan:** Will the Honourable the Home Member be pleased to state:

(a) whether the attention of Government has been drawn to the advertisement published in the *Statesman* dated the 23rd March, 1947 regarding the holding of a combined competitive examination by the Federal Public Service Commission for recruitment to the various All-India Services on the 1st July 1947 and subsequent days;

(b) whether Government are aware that the month of July is unsuitable climatically for holding such an examination;

(c) whether Government are aware that previously All-India Examinations have always been held in the winter season from October to March;

(d) the reasons for departing from the previous practice;

(e) whether Government are aware that the University Examinations for M.A. in the Punjab are scheduled to be held from the middle of May to the end of June;

(f) whether Government are aware that by adhering to the present date for the examination all students of the Punjab University appearing in the M.A. Examination will not be able to take part in the combined examination; and

(g) whether Government propose to consider the advisability of postponing the examination to October?

**The Honourable Sardar Vallabhbhai Patel:** (a) Yes.

(b) to (d). Examinations are normally held in winter but in 1946 it was not possible to hold an examination at all. It was therefore necessary to arrange for an examination as early as possible in 1947, subject to the other commitments of the Federal Public Service Commission.

(e) and (f). Government have no specific information regarding dates of the M. A. Examination of the Punjab University but as Lahore is one of the Centres at which the examination is being held, Government do not think there is a case for a change of date.

(g) No.

#### DUTY ON TOBACCO LEAVES AND STALKS.

1457. \*Sri Bhagirathi Mahapatra: (a) Will the Honourable the Finance Member please state whether Government are aware that in assessing duty upon the country tobacco, the stalks are weighed along with the leaves?

(b) Are Government aware that the stalks are not required for any use and that these stalks weigh almost 45 per cent. of the entire weight?

(c) Is there any provision in the existing rules or laws for charging duty on the stalks at a rate different from that charged on the leaves?

(d) Do Government propose to make the stalks free from charge of duty?

(e) Is there any difference in quality between the tobacco produced in one crop soil and that produced in two crops soil?

(f) Is there any difference in the sale prices and also in the rates of excise duty in respect of the said varieties?

(g) Are the chewing tobacco (without stalks) and the cherrut tobacco (with stalks) subjected to equal duty?

The Honourable Mr. Liaquat Ali Khan: (a) The stalk, that is to say the trunk or ascending axis, of the tobacco plant is not ordinarily weighed with the leaves at the time of assessment to duty. In some parts of India, however, the whole plant is harvested, and if the tobacco is presented for assessment in this state assessment has necessarily to be based on the total weight of the tobacco including the stalk. If, however, as is ordinarily done, such tobacco is stored in a bounded warehouse, the owner may then detach the leaves from the stalk and may have the tobacco reassessed and since stalks are subjected to a concessional rate of duty, this is generally done.

(b) Stalks are known to be used in certain parts of India in the preparation of chewing tobacco and hookah tobacco. The percentage weight of the stalk is of no consequence as stalk and leaves are almost invariably presented for assessment separately.

(c) Yes.

(d) No.

(e) This question should be addressed to my Honourable colleague, the Member for Agriculture.

(f) The selling price of tobacco presumably depends to a large extent on its quality. The rate of duty depends upon the purpose for which the tobacco is to be used.

(g) Chewing tobacco and cheroot tobacco are liable to the same rate of duty.

#### LABOUR FORCE IN THE ORDNANCE FACTORIES.

†1458. \*Mr. Manu Subedar: (a) Will the Secretary of the Defence Department be pleased to state what the total amount of labour force now being employed in the Ordnance factories is as compared with the years 1944-45 and 1945-46?

(b) What is the total value of Ordnance materials sold to the public and what is the total value of production, which could have been kept by Government for their own uses?

(c) What is the percentage of overhead costs to this total?

---

†Answer to this question laid on the table, the questioner having exhausted his quota.

(d) Have Government reached any decision as to (i) whether the Ordnance factories should be permanently maintained and, if so, which munitions they would produce, and (ii) whether the Ordnance factories should be given over to private enterprise for being adapted to peace-time industry?

**Mr. G. S. Bhalja:** (a) The total labour force in the Ordnance Factories on 1st February, 1947 was 31,882 as against a monthly average of 95,930 in 1944-45 and 76,372 in 1945-46.

(b) The total value of all sales and services on payment including those for civil Government Departments, such as Railways, during the first six months of 1946-47 was Rs. 48,32,451. The total value of production for the Defence Services during the same period, was Rs. 3,21,82,461.

(c) On an average 44 per cent. of the total price is due to overhead charges.

(d) (i) Yes, Sir. Government have decided to maintain permanently sixteen of the existing factories. They will manufacture specialised items of armaments and other military equipment.

(ii) No, Sir. It is not the intention of Government to hand over to private enterprise the manufacture of armaments and other war-like stores.

#### HOLIDAY CAMP FOR TROOPS AT KODAIKANAL.

**1459. \*Captain G. T. B. Harvey:** Will the Secretary of the Defence Department be pleased to state:

(a) when sanction was accorded for the construction of a Holiday Camp for Troops in Kodaikanal;

(b) the amount which was originally sanctioned;

(c) the amount which was actually spent;

(d) how many troops, excluding staff, was it intended to accommodate;

(e) how long was it actually occupied by troops on leave;

(f) whether the Camp is still in use, and if so, for what purposes;

(g) the average number of troops on leave who used the Camp; and

(h) whether the Camp was ever full and if so, for what period?

**Mr. G. S. Bhalja:** (a) 11th August 1944.

(b) Rs. 2,12,555.

(c) Rs. 2,50,000.

(d) Two hundred British other Ranks.

(e) 30th April 1945 to 30th September 1946.

(f) No, Sir, it is surplus to military requirements.

(g) and (h). The information is being collected and will be laid on the table of the House in due course.

**Captain G. T. B. Harvey:** Has the Honourable Member any information as to whether the landlord has yet received any rent for the land on which the camp was established?

**Mr. G. S. Bhalja:** Rent is being paid regularly to all owners of requisitioned properties. I do not know whether this particular owner is receiving rent or not.

**Captain G. T. B. Harvey:** May I ask whether the Honourable the Defence Secretary remembers that I raised this question about three weeks ago?

**Mr. G. S. Bhalja:** I shall have to make inquiries. I have called for a report.

**Sri M. Ananthasayanam Ayyangar:** Are there any other similar camps in this country or is this the only camp?

**Mr. G. S. Bhalja:** There are others.

**Sri M. Ananthasayanam Ayyangar:** All of them are surplus and are not going to be used?

**Mr. G. S. Bhalja:** I must ask for notice.

**Mr. Manu Subedar:** As soon as this white elephant became surplus, why was it not disposed of? What is the Government's difficulty in its orderly disposal and in thus saving rent?

**Mr. G. S. Bhalja:** My Honourable friend seems to be under a wrong impression. The assets were sold by auction on the 24th February 1947. The buildings have been pulled down but the bricks have not yet been cleared and the land has therefore not been released yet.

**Mr. Manu Subedar:** Who is the officer responsible for not disposing of this in an orderly manner and making this country liable for further payment of rent in connection with this land?

**Mr. G. S. Bhalja:** There is no delay in this particular case in disposal. As soon as the camp was declared surplus, the assets were sold and action is being taken to release the land.

**Sri M. Ananthasayanam Ayyangar:** May I know if the Provincial Government was asked if it could make use of it or if it could purchase it, because Kodaikanal is a sanatorium and these beautiful buildings could have been made use of?

**Mr. G. S. Bhalja:** I am afraid I have not got the information; but the usual practice is that before property is disposed of to the public, it is offered to the Provincial Government. I should be surprised if the same procedure was not followed in this case.

**Sri M. Ananthasayanam Ayyangar:** What was the original cost and what was the cost recovered by the auction?

**Mr. G. S. Bhalja:** The original cost, as I said, was Rs. 2,50,000. I am sorry I have not got the figure with me of the amount recovered in auction.

**Lala Deshbandhu Gupta:** One such holiday camp was in the northern India at Sabathu in the district of Simla and it was used for the U.S.A. forces. May I know what has happened to the buildings being vacant there?

**Mr. G. S. Bhalja:** I am afraid it does not arise out of this question.

#### MOVE OF CERTAIN OFFICES TO SIMLA AND THE PAUCITY OF RESIDENTIAL ACCOMMODATION IN SIMLA.

†1460. \***Shri D. P. Karmarkar:** With reference to the news published in newspapers regarding the proposed move of certain offices to Simla in April 1947 will the Honourable the Home Member be pleased to state:

(a) whether Government propose to give an assurance that all officers and clerks moving to Simla will be provided with Government accommodation;

(b) whether Government have taken into consideration the fact that a majority of clerks moving to Simla are temporary and will, in the near future be either discharged or re-posted to Delhi, thereby causing unnecessary expense to the Government and inconvenience to those re-posted to Delhi;

(c) whether Government are aware that there is a paucity of private accommodation in Simla and unless Government take steps either to provide accommodation or to requisition any available accommodation, the staff will find themselves stranded and will be put to heavy expenses to secure suitable accommodation; and

(d) what the anticipated expenditure involved in this move is?

---

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

**The Honourable Sardar Vallabhbhai Patel:** (a) to (d). The question concerns the Works, Mines and Power Department. It has accordingly been transferred to that Department and will be answered by the Secretary of that Department on the 10th April 1947.

**INDIAN AND EUROPEAN OFFICERS IN THE NASIK PRESS.**

**1461. \*Sree Satyapriya Banerjee:** Will the Honourable the Finance Member be pleased to state:

(a) the number of Indian and European Officers in the Nasik Press;

(b) the number and names of persons, Indians and Europeans, employed in this Press who have received training abroad;

(c) whether Government propose to consider the desirability of eliminating European Officers and employing Indians in their place; if so, the period required for the complete Indianisation of the Press; and if not, why not; and

(d) whether Artists, Engravers, Photographers, Machine-minders and Head Checkers receive daily wages, if so whether Government propose to consider the advisability of introducing monthly salary instead of daily wages?

**The Honourable Mr. Liaquat Ali Khan:** (a) and (b). I lay on the table of the House a statement which gives the information desired by the Honourable Member.

(c) I would invite the Honourable Member's attention to the reply given by me on the 17th March, 1947 to part (c) of starred question No. 979 asked by Mr. Sasanka Sekhar Sanyal. Based on the dates of their normal retirement, the last non-Indian officer is due to retire in February, 1970, but in view of the imminence of major constitutional changes, this date may well be advanced.

(d) All workmen in the Security Printing, India, are daily-rated at present. A scheme for placing a portion of the daily-rated establishment on a monthly-rated basis is under Government's consideration.

**STATEMENT**

(a) Number of Indian and European Officers in the Nasik Press :

	Indian	European
Class I (Gazetted)	5	3
Class II (Gazetted)	1	...
Other Officers (Non-gazetted)	131	3

(b) The number of persons, Indians and Europeans, employed in the press, who have received training abroad, is indicated below, along with their names:—

**Indians**

- (1) Mr. V. R. Godbole.
- (2) Mr. I. M. Dass.
- (3) Mr. S. V. Agashe.

**Europeans**

- (1) Lt.-Col. R. C. G. Chapman, RE.
- (2) Major C. C. Roshery, RE.
- (3) Mr. W. S. C. Macey.
- (4) Mr. T. I. Archer.

**Sri M. Ananthasayanam Ayyangar:** Was this matter relating to the wages and salaries of the persons working in the Nasik Press also referred to the Pay Commission?

**The Honourable Mr. Liaquat Ali Khan:** The question of the salaries of the employees of the Government of India had been referred to the Pay Commission.

**Sri M. Ananthasayanam Ayyangar:** May I infer from the answer given by the Honourable Member that the recommendations of the Pay Commission in regard to this matter are under the consideration of the Government?

**The Honourable Mr. Liaquat Ali Khan:** All the recommendations, or shall I say all the tentative recommendations, of the Pay Commission are under the consideration of the Government.

PURCHASE OF MATERIALS FOR THE NASIK PRESS.

**1462. \*Sree Satyapriya Banerjee:** Will the Honourable the Finance Member please state the amount of annual purchases of materials for the Nasik Press during the last three years and the agency which was responsible for these purchases?

**The Honourable Mr. Liaquat Ali Khan:** I lay on the table of the House a statement which gives the information desired by the Honourable Member.

Statement of annual purchases of materials such as Paper, Ink, packing materials and miscellaneous stores and spare parts, made for the Nasik Press during the years indicated below.

	1943-44	1944-45	1945-46
Stamp Press	Rs.	Rs.	Rs.
(i) In England, through the Indian Stores Department.	48 500	61,000	1,23,000
(ii) In India, through the Supply Department.	46 500	23,31,000	25 70,000
(iii) In India by direct purchase by the Master, Security Printing, India, Nasik Road (in exercise of the financial powers delegated to him).	32,99,000	11,48,000	11,26,300
Total Stamp Press	33,94,000	35,40,000	38,19,000
Currency Note Press			
(i) In England, through the Indian Stores Department.	42,66,000	32,25,000	15 08 000
(ii) In India, through the Supply Department.	96,000	1,38,000	1,32,000
(iii) In India by direct purchase by the Master, Security Printing, India, Nasik Road (in exercise of the financial powers delegated to him).	4,89,000	1,76 000	2 36,000
Total Currency Note Press	48,51,000	35,39,000	18,76,000
Grand Total	82,45,000	70,79,000	56,95,000

**Mr. Mann Subedar:** Having regard to the very excessive price which we are paying for the paper on which bank notes are printed, may I know what efforts Government have made in order to secure the manufacture of such kind of paper in this country under Government control?

**The Honourable Mr. Liaquat Ali Khan:** I must ask for notice of that question.

#### LOSS IN THE GRAIN SHOP ATTACHED TO NASIK PRESS

**1463. \*Sree Satyapriya Banerjee:** Will the Honourable the Finance Member please state whether there was a loss of Rs. 90,000 in the grain shop attached to the Nasik Press, if so, the reasons for this loss and the steps taken to recoup this loss?

**The Honourable Mr. Liaquat Ali Khan:** I would invite the Honourable Member's attention to the reply given by me on the 17th March 1947 to starred question No. 978 asked by Mr. Sasanka Sekhar Sanyal.

#### MOBILE EXHIBITION TO TOUR MIDDLE EAST

**†1464. \*Prof. N. G. Ranga:** Will the Honourable Member for Information and Broadcasting be pleased to state:

(a) whether the Mobile Exhibition to tour Middle East Countries, sanctioned by the Standing Finance Committee on the 30th July 1946, has taken shape and has gone on its tour;

(b) if so, what countries have been so far covered and with what results;

(c) whether non-official organisations have co-operated with it and, if so, what are they; and

(d) whether Government propose to invite the Federation of Rural Peoples Organisations also to offer its co-operation?

**The Honourable Sardar Vallabhbhai Patel:** (a) The Standing Finance Committee did not sanction the scheme to send a Mobile Exhibition to the Middle East. The scheme was accordingly abandoned.

(b) to (d). Does not arise.

#### DEVELOPMENT SCHEMES OF PROVINCES

**†1465. \*Prof. N. G. Ranga:** Will the Honourable the Finance Member be pleased to state:

(a) whether Government are getting any periodical reports from Provincial Governments regarding their developmental schemes which are in receipt of Central assistance;

(b) whether Government have any administrative machinery to keep in touch with the progress of provincial developmental plans and activities; and

(c) whether non-official organisations have co-operated with it and, if so, consolidated report once in a year or once in six months about the progress of various developmental schemes and activities towards which Government of India are making grants?

**The Honourable Mr. Liaquat Ali Khan:** (a) The Provincial Governments have been asked to supply annual reports. The first reports, which will deal with the financial year 1946-47, are due on the 1st of July, 1947.

(b) Officers of the Central departments concerned with development are in constant touch with the corresponding departments of the Provincial Governments, and the work is coordinated by a branch of the Cabinet Secretariat.

(c) This will be considered when the Provincial reports are received.

---

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



## UNSTARRED QUESTIONS AND ANSWERS

### BANKS AND AMOUNT OF DEPOSITS HELD BY THEM

**118. Mr. Vadilal Lattubhai:** Will the Honourable the Finance Member be pleased to state:

(a) the names of Banks in the country with their capital, both authorised and issued separately; and

(b) the amount of deposits held by each of them?

**The Honourable Mr. Liaquat Ali Khan:** (a) and (b). The attention of the Honourable Member is invited to the "Statistical Tables relating to Banks in India and Burma for the years 1944 and 1945", published by the Reserve Bank of India.

### CANDIDATES INTERVIEWED BY THE FEDERAL PUBLIC SERVICE COMMISSION FOR THE RECRUITMENT OF ONE INFORMATION OFFICER

**119. Sardar Mangal Singh:** Will the Honourable the Home Member please state the number of candidates interviewed by the Federal Public Service Commission in the beginning of September 1946 in connection with the recruitment of one Information Officer, the number of candidates who possessed the requisite paper qualifications and the total expense incurred in calling the candidates for interview?

**The Honourable Sardar Vallabhbhai Patel:** All the candidates who possessed the requisite paper qualifications were summoned for the interview. Their number was 27. It is not possible to give an estimate of the total expenses as many of the candidates had applied for and were interviewed simultaneously for other posts. Moreover, candidates from the Forces travelled on railway warrants issued by the military authorities.

### PROSECUTIONS BY THE ANTI-CORRUPTION DEPARTMENT

**120. Sardar Mangal Singh:** Will the Honourable the Home Member please state:

(a) the number of officers above the rank of Sub-Inspector employed in the Anti-Corruption Department community-wise;

(b) the number of Government servants from each community prosecuted during the years 1945 and 1946;

(c) the number of successful prosecutions during the above period; and

(d) the amount of money spent by Government on these prosecutions during the two years referred to in part (b) above?

**The Honourable Sardar Vallabhbhai Patel:** (a), (b), (c) and (d). The information has been called for and will be laid on the table of the House when received.

## SHORT NOTICE QUESTIONS AND ANSWERS

### PURCHASE OF THE CRUISERS "AJAX" AND "ACHILLES"

**Mr. Manu Subedar:** (a) Will the Secretary of the Defence Department please state whether the attention of Government has been drawn to the question and answer in the House of Commons relating to the cruisers "Ajax" and "Achilles", which are reported to have been sold to India?

(b) Why was no statement on this subject made to this House at any time or included in the Explanatory Memorandum on military finance, or in the remarks of the Secretary of the Defence Department on the Budget?

(c) When was this arrangement concluded, by whom, at what price and who determined whether the price was correct and not unfavourable to India?

(d) Are Government aware that these cruisers took part in the war and were damaged, and, if so, have Government got information about such damage and the nature of repairs, which these cruisers have undergone?

(e) What other information are Government in a position to give this House on this subject?

**Mr. G. S. Bhalja:** (a) Yes, Sir.

(b) and (c). The intention of the Government of India to acquire these cruisers was published in a press note, dated the 16th February, 1946. The matter was placed before the Defence Consultative Committee on the 20th April, 1946. The attention of the Honourable Member is invited to the Memorandum on this subject giving details of the transaction that was placed before the Standing Finance Committee of this House, of which the Honourable Member is a member, on the 19th February 1947. Attention is also invited to the Explanatory Memorandum on the Budget Estimates of the Defence Services for 1946-47 and 1947-48.

(d) These ships took part in the Battle of the River Plate. They suffered damage of a comparatively minor nature, and were afterwards fully repaired. The "Achilles" has recently been refitted, and the Admiralty have undertaken to refit the "Ajax" at H.M.G.'s expense before making her over to India.

(e) The whole question of the purchase of these cruisers is under review by Government, as part of the larger question of the size of the post war Armed Forces.

**Mr. Ahmed E. H. Jaffer:** Is it not a fact that the Defence Consultative Committee did object to buy more than one cruiser? May I ask the Government why they decided to overlook the decision of the Defence Consultative Committee?

**Mr. G. S. Bhalja:** My Honourable friend seems to be under a wrong impression. The Defence Consultative Committee, on the other hand, endorsed the decision of Government.

**Mr. Ahmed E. H. Jaffer:** I am sorry, I meant the decision of the Standing Finance Committee.

**Mr. G. S. Bhalja:** No, Sir, even the Standing Finance Committee has not objected to this proposal. I have not got here the proceedings of the Standing Finance Committee, but speaking from memory what the Committee decided was that for the present one cruiser should be purchased and that the question of purchasing the other two cruisers should be deferred.

**Mr. Manu Subedar:** Does the Honourable Member recall that last year and at every conceivable opportunity, I have been asking why these cruisers of the same class which U.S.A. was blowing up at Bikkani should be transferred to this country and why this country should acquire them, old, damaged and repaired ones, instead of buying new ones? Will Government now take all these into account and will they tell this House that these negotiations will be terminated and that attempts will be made to acquire new and up-to-date vessels and not these old and ramshackled ones.

**Mr. G. S. Bhalja:** The answer to this question would require a long statement. But briefly stated, it is a wrong impression that these cruisers are obsolete ones. Government are advised by their military experts that these cruisers are best suited to Indian needs. So far India had only a small navy which was fit only for coastal defence but as India now aspires to have a bigger navy, this is the first step towards expansion and enlargement of the Royal Indian Navy.

**Sjt. N. V. Gadgil:** Is it not a fact that in the Standing Finance Committee the recommendation was made with respect to only one cruiser?

**Mr. G. S. Bhalja:** Yes, Sir. I said so.

**Diwan Chaman Lall:** What steps do Government propose to take to prevent the acquisition of more than one cruiser?

**Mr. G. S. Bhalja:** I said in reply to part (e) that Government are reviewing the whole position as part of the larger question of the future size of the armed forces.

**Mr. Yusuf Abdoola Haroon:** Who were the military experts who gave this advice?

**Mr. G. S. Bhalja:** His Excellency the Commander-in-Chief as advised by the Commander-in-Chief of the Royal Indian Navy.

**Mr. Manu Subedar:** Apart from India having to acquire ramshackled, old, damaged and repaired cruisers, may I know who are the Government of India experts in the matter to fix prices and who see that this country is not muled with unnecessary heavy cost in the matter of cruisers?

**Mr. G. S. Bhalja:** The Government of India's Advisers in the matter of price fixation are obviously the Finance Department.

**Mr. Manu Subedar:** May I respectfully lodge a protest against the Defence Department transferring the burden of determining the prices to the Finance Department. May I know whether it is suggested that the Finance Department has expert people possessing knowledge of construction and condition of ships of this character who will value them and who will say that a new cruiser would cost so much, the repairs would cost so much, and that such and such a price would be a fair price for a second hand cruiser. May I know whether instead of transferring this burden to the Finance Department, the Defence Department would not see that India is not paying a higher price?

**The Honourable Sardar Baldev Singh:** The question of purchase of cruisers is still under consideration. We have not as yet come to any definite decision. This matter has been re-opened again and we are considering whether we should purchase these things or not.

**Mr. Manu Subedar:** Will the Defence Department take into account the sentiments expressed on the floor of the House generally supported on all sides of the House?

**Mr. Ahmed E. H. Jaffer:** Is it a fact that these cruisers were widely advertised for sale by H.M.G. and that no countries offered to purchase them and that is why these are being dumped on India?

**Mr. G. S. Bhalja:** It is far from the truth. There has been a good deal of competition for these cruisers from the Dominion Governments.

ORDINANCE FOR BETTER CONTROL OF PRESS IN DELHI AND OTHER CENTRALLY ADMINISTERED AREAS

**Lala Deshbandhu Gupta:** Will the Honourable the Home Member be pleased to state:

(a) whether Government have been receiving reports of the proceedings of the *Ad hoc* Press Advisory Committee which was appointed at the instance of the Honourable Member;

(b) if so, whether it is a fact that some of the local Muslim papers figured in the list of those who infringed the Code fixed by the *Ad hoc* Press Advisory Committee; and

(c) whether it was due to such cases of infringement of the Code that Government had to issue an Ordinance for the better control of the Press in Delhi and other centrally administered areas?

**The Honourable Sardar Vallabhbhai Patel:** (a) Government are being furnished only with relevant extracts and not a complete record of proceedings. The committee was, however, set up at the suggestion of the Press and not at my instance.

(b) Yes.

(c) Continued breaches of conventions were one of the factors which influenced Government in the matter.

**Mr. Ahmed E. H. Jaffer:** May I know whether these breaches are committed only by Muslim press or by the Hindu press also?

**The Honourable Sardar Vallabhbhai Patel:** This was answered last time. There is no suggestion that the breaches were committed only by one section of the press. Several papers committed breaches and they are all under examination.

**Khwaja Nazimuddin:** May I know if it is a fact that after the recent ordinance breaches have been practically confined to non-Muslim papers?

**The Honourable Sardar Vallabhbhai Patel:** This is not at all true. This question was answered last week. I gave a list of several papers which committed breaches and their names were submitted to the Press Advisory Committee, who after examination submitted their report which is under examination now.

#### RETRENCHMENT IN THE GENERAL HEADQUARTERS

**Mr. Manu Subedar:** (a) Will the Secretary of the Defence Department please state whether Government have examined the question of retrenchment from the point of view of every post in the General Headquarters which did not exist before the War?

(b) How many of these posts and their occupants have been retrenched up to the 31st March, 1947, and how many are scheduled to be retrenched during the year 1947-48?

(c) How many officers getting more than Rs. 300 were in the General Headquarters (i) before the war and (ii) at the peak periods; and (iii) how many are there at present?

**Mr. G. S. Bhalja:** (a) The question of retrenching all unnecessary posts in General Headquarters is constantly under review. This review covers all appointments in General Headquarters whether existing before the war or not.

(b) 1,653 appointments were retrenched up to 31st March 1947 and 748 are due to be retrenched by the 1st October 1947, according to present plans.

(c) (i) 233, (ii) 2,865, (iii) 1,105.

**Mr. Ahmed E. H. Jaffer:** May I ask whether it is a fact as was said the other day by the Honourable the Leader of the Opposition on the floor of the House that the Telephone Directory occupies 42 pages over the names of members of G.H.Q. without the Air Force Headquarters? If so, may I ask what steps are taken to reduce it?

**Mr. G. S. Bhalja:** The entries in the Telephone directory are surely not an index of the necessity of the staff. They are meant mainly for the convenience of the persons who have to use the Directory. If they are scattered all over the directory then it will cause inconvenience.

**Mr. Yusuf Abdoola Haroon:** May I know whether these posts are under review by the officers of G.H.Q. or by the Secretary?

**Mr. G. S. Bhalja:** It is under constant review by the Defence Department.

**Mr. Ahmed E. H. Jaffer:** Are these matters placed before the Defence Consultative Committee with regard to retrenchment?

**Mr. G. S. Bhalja:** No, Sir. If the Honourable Member so desires he can give notice that the subject may be included in the agenda.

**Mr. Manu Subedar:** Even on the figures given by my Honourable friend in spite of the constant efforts made for retrenchment the number of officers is five times as much as before the war, and will Government consider the desirability of associating with the Defence Department some civil retrenchment body who will cut this down more rapidly than appears to be the case at the hands of the constant review which my Honourable friend spoke of by the military people?

**Mr. G. S. Bhalja:** My Honourable friend should know that at present the Defence Department is engaged on three major problems, namely, re-organisation, demobilisation and nationalisation; each one of them requires considerable planning and a number of staff officers. As regards the suggestion to associate non-official opinion with the review, the Honourable the Finance Member has already declared his intention to appoint an Economy Committee which will go into the expenditure of all departments, including the Defence Department.

**Mr. Manu Subedar:** Can the Honourable Member explain why in spite of all that is said the number of officers at G.H.Q. drawing more than Rs. 300 should be five times as much as before the war?

**Mr. G. S. Bhalja:** This number is quite necessary in order to enable Government to carry out planning in various matters, as I have just indicated.

**Mr. Yusuf Abdoola Haroon:** Is it a fact that only one meeting of the Defence Consultative Committee was called and there is now no intention of calling another meeting?

**Mr. G. S. Bhalja:** I am glad my Honourable friend has raised this question. I asked the Chief Whip of Government and several Honourable Members of this House who are members of the Committee whether they would like to have a meeting immediately now or immediately after the close of the session. The unanimous reply was that they would like to have the meeting postponed and have it some time in May.

**Diwan Chaman Lall:** As a member of the Defence Consultative Committee may I point out that I have not been asked and therefore there could be no unanimous decision? Is it not a fact that my Honourable friend Sardar Surjit Singh Majithia has already sent a letter asking for a meeting of the Committee to be held on the 25th of this month?

**Mr. G. S. Bhalja:** My Honourable friend Sardar Surjit Singh Majithia has told me that the desire of Honourable Members of the House is that the meeting should be held on the 5th May because that suited the members of the Muslim League.

**Mr. Ahmed E. H. Jaffer:** Why should a meeting of the Committee be held after the session thus causing unnecessary waste of public money, and why should it not be called during the session?

**Mr. President:** That matter may be discussed outside the House.

#### SHORTAGE OF COCOANUT OIL AND ASSISTANCE TO SOAP INDUSTRY

**Sree Satyapriya Banerjee:** Will the Honourable Member for Industries and Supplies be pleased to make a statement:

(a) on the position of cocoanut oil in India for edible and manufacturing purposes.

(b) on the supply of cocoanut oil from Cochin, Travancore, Ceylon, and Malayan countries;

(c) on the control on cocoanut oil produced in India during and after the war and the reasons therefor;

(d) whether attempts are being made on behalf of the Government of India to secure supply of cocoanut oil from Ceylon direct instead of through England;

(e) whether cocoanut oil produced in Malayan countries is under the control of Washington and nothing is imported into India from those countries now and whether Government propose to start negotiations with the authorities of Washington for securing some supply of cocoanut oil from Malayan countries;

(f) whether Government have received any representation from manufacturers of soap for the de-control of cocoanut oil in India and, if so, what action has been taken thereon;

(g) whether Government propose to consider the advisability of making distribution of cocoanut oil for manufacturing purposes through Manufacturers' Association concerned and, if so, the desirability of making suggestions to the Provincial Government on this line; and

(h) whether Government propose to consider the advisability of starting negotiations with the Government of Indonesia to secure the supply of palm oil and copra from them?

**The Honourable Sri C. Rajagopalachari:** (a) The position regarding consumption of cocoanut oil for edible purposes cannot be appraised. The consumption for industrial purposes is estimated at 106,000 tons per annum. The total available supplies are: 46,000 tons from Ceylon and 59,600 tons from indigenous production per annum.

(b) The Central Government have placed price control on both Indian and Ceylon cocoanut oil. The Cochin and Travancore Governments have suggested that the surplus that they could export per year is 43,000 tons from Travancore and 5,000 tons from Cochin. Ceylon has sold all their exportable surplus oil to the U.K., and the U.K. has allotted us a quota of 46,000 tons in 1947. There have been no imports from Malayan countries as yet, but negotiations are going on with the International Emergency Food Council for allocation from Malaya.

(c) There was no control on indigenous cocoanut oil during the war. Control was introduced in December 1946 because prices of cocoanut oil had gone up enormously. The price of cocoanut oil in December, before the control, was Rs. 2,250 per ton as compared with the pre-war prices of Rs. 217 in 1938, Rs. 274 in 1939, and Rs. 969 per ton in 1945. The control has an aspect of help to indigenous production, as minimum prices have been guaranteed to the producers.

(d) Ceylon has contracted with U.K. for the sale of its exportable surplus to U.K. for five years, and the U.K. has guaranteed us an allocation of 46,000 tons per year for the next four years. We are not in a position, therefore, to negotiate direct with Ceylon.

(e) All supplies of coconut oil in Malaya, the Phillipines, etc., are under the control of the International Emergency Food Council who have guaranteed us an allotment of 7,000 tons from the Phillipines, 10,000 tons from Netherlands East Indies, and 5,000 tons from Malaya. As regards the coconut oil from Phillipines and Netherlands East Indies, we have found very expensive. As for the Malayan coconut oil, the allocation is not final and we are still in correspondence with regard to prices, etc., through our representative at Singapore.

(f) Soap manufacturers want more allotment but have not suggested decontrol. They naturally fear a complete collapse if control were lifted.

(g) The Central Government makes direct allotments of coconut oil to the larger soap manufacturers, in accordance with the Press note, dated the 15th October, 1946, a copy of which is placed on the table. The balance is divided amongst Provincial Governments, to whom the detailed distribution within their areas is left, and who can therefore be approached by the manufacturers' associations concerned.

(h) The suggestion will be taken up for consideration.

*Press Note*

## SHORTAGE OF COPRA AND COCONUT OIL

## GOVERNMENT ASSISTANCE TO SOAP INDUSTRY

The Government of India have for some time been considering the question of instituting a control over the price of Indian copra and coconut oil in consultation with the Governments of Madras, Travancore, Cochin and Mysore. Such a control will become necessary if prices do not fall substantially with the arrival of the new crop, which is expected to be good both in India and Ceylon.

Prior to the outbreak of war, India used to import 200,000 tons of copra per annum. Internal production largely confined to Madras Province and Travancore and Cochin States is in the region of 200,000 tons. There is no supply at present from Far Eastern sources because of dislocation in production caused by the war and the demands made on the limited quantities available as a consequence of general shortage all over the world in oils and fats. The Ministry of Food, H. M. G., have purchased the entire output of Ceylon copra and coconut oil for the five years ending December 1950. Of the total Ceylon production, a quota of 65,000 tons in terms of copra has been allocated to India for the year 1946. It has not been possible to obtain a larger quota for this year, but there is reason to hope that the quota will be larger in succeeding years.

Of the 65,000 tons allotted to India for 1946, only a small quantity has arrived so far, on account of a short fall in the Ceylon crop for 1945-46. But it is hoped that the bulk of the quota will be received by the end of the year. Indian copra would also arrive in large quantities by then, and internal prices should fall substantially.

Since the entire Ceylon crop has been purchased by H. M. G., it will not be possible for some time to import Ceylon coconut oil over and above the quota obtained as a direct 'Government to Government' transaction. Should any importer, however, find it possible to import the oil from other sources, any reasonable assistance to secure it will be given, Copra and coconut oil are now on the Open General Licence.

Indian demands for coconut oil as a raw material for industry have increased largely on account of the expansion of the soap industry which developed considerably during the war. The only alternative to coconut oil in the manufacture of soap is hydrogenated oil, of which only small quantities are available at present. Provision has been made for such supplies in the prospective expansion of the hydrogenated oil industry.

## QUOTAS FOR SOAP MANUFACTURERS

Numerous applications are being made to the Government of India for assistance in the matter of supplies. The only oil which the Government are in a position to distribute is the imported oil, which is at present very limited in quantity. The Government of India have already allotted the meagre supplies of Ceylon coconut oil for industrial purposes, particularly to the Soap Industry, which is largely dependent on coconut oil and is, therefore, likely to be at a disadvantage compared with the foreign soap industry, which is able to get coconut oil at lower prices than those prevailing in India today. With the exception of a few special cases, direct quotas have been granted only to soap manufacturers whose average production of soap over the last few years has been over 30 tons per month. The Government of India have placed substantial portions of the imports at the disposal of the Governments of Bengal, Bombay, Sind, the Punjab and Bihar for purposes of distribution, at their discretion, for domestic consumption and small-scale industry. Applicants in these areas who have not been allotted any oil quota should, therefore, approach the Provincial Governments. They should take note of the fact that the bulk of the available coconut oil is of Indian origin and that the distribution of this is not controlled.

DEPARTMENT OF INDUSTRIES & SUPPLIES;

New Delhi, October 15 1946

**Shri Mohan Lal Saksena:** Is it not a fact that although the control price of coconut oil has been reduced it is not available in the market?

**The Honourable Sri C. Rajagopalachari:** It is possible that some would be purchasers do not find it in the market.

**Shri Mohan Lal Saksena:** Is it not a fact that complaints have reached the Honourable Member that the oil is not available in the market?

**The Honourable Sri C. Rajagopalachari:** I have explained the whole position about the quantities available from imports and the quantities available in India, and that is the answer to the Honourable Member's question. I have

also explained the difficulties about any further increase in the imported quantities; and the available quantities are distributed, as I have said, to the larger soap manufacturers who have to compete with imported soap and who have been in the manufacture for the last five years and more. The bigger ones thus having been supplied the smaller manufacturers have to obtain the balance from the quota allotted to provincial Governments. Some difficulty is bound to be felt so long as the shortage continues.

**Shri Mohan Lal Saksena:** Is it not a fact that the removal of control on oilseeds has effected a reduction of the price of oilseeds?

**The Honourable Sri C. Rajagopalachari:** The price of oilseeds and oil has gone down in some places but in a few places it seems to have gone up. But it is a matter of opinion whether it has gone up above the black market price or above the control price; but coconut oil is very different from the other oils. Coconut oil is an industrial product in great demand about which I have explained the position and removal of control will bring utter confusion to the manufacturers who have to depend on that oil.

### MOTION FOR ADJOURNMENT.

#### PULLING OF THE CHAIN AND THE LOOTING OF LUGGAGE OF PASSENGERS AT HARDWAGUNJ RAILWAY STATION

**Mr. President:** I have received a notice from Dr. Zia Uddin of his intention to move an adjournment of the House to discuss a "definite matter of urgent public importance, namely the incident at Hardwagunj Railway Station on the 5th April where the train was stopped by pulling the chain and the passengers were stoned, their luggage was looted forcibly, trunks were opened in the adjoining fields and the contents were removed. The reason for bringing the motion of adjournment is that the entire incident took place on account of the failure of the railway administration in not providing accommodation for the people returning from *Ganga Ashnan Mela* at Rajghat on the 5th April, 1947".

-I need not comment on the form of the notice; the form is obviously not one that could be entertained, but it may be amended if the motion is otherwise held in order.

May I know where Hardwagunj is situated?

**Dr. Zia Uddin Ahmad** (United Provinces: Southern Divisions: Muhammadan Rural): 7 miles from Aligarh in the Aligarh District in the United Provinces.

**Mr. President:** As I see the adjournment motion and as the Honourable member gives the reason for it—namely failure of the railway administration in not providing accommodation for the people returning from *Ganga Ashnan Mela* at Rajghat on the 5th April, 1947—the complaint seems to me that because additional trains were not provided, therefore there was overcrowding.

**Dr. Zia Uddin Ahmad:** May I explain?

**Mr. President:** The Honourable Member may hear my doubts first, and then he may explain.

The sequence stated in this adjournment motion is that because trains were not provided, therefore probably there was overcrowding. But I do not see any connection between the overcrowding causing inconvenience to the passengers, and the pulling of chains, and further looting of the train by some people. If at all it is the result of any failure, it is the failure at the most of the Provincial Government to provide security to people who are travelling in trains.



**Dr. Zia Uddin Ahmad:** May I explain the connection? On the 5th April the students of the Dehra Dun Forest College who were going to Etawah had reserved a carriage for themselves. The Aligarh University Hockey team was returning from Dehra Dun by the same train. Few students who were friends of Forest College Students were sitting in the reserved carriage. At Rajghat station *Ganga Ashnan Mela* was returning and for want of accommodation those passengers tried to force their way into this reserved carriage. The students refused to allow them because the carriage was reserved. Then all these people sat down on the top of the carriage and on footboards and travelled to Hardwagunj Railway Station where they secured help of other persons. At Hardwagunj these people shouted that those were the Aligarh boys—and they were in fact not Aligarh boys; they were students of the Forest School, Dehra Dun—who had treated them badly, and that that was the time to take the revenge. One of the men who went forward was a demobilized soldier. They pulled the chain, belaboured all those passengers, especially the students, took their luggage away and stoned a number of students as well. The driver took the engine to Aligarh—it is 7 miles away—the engine returned with a police guard which controlled the situation. The communists took up the opportunity, and they spread rumours that about 25 Aligarh students were killed and a good number was detained. A large number of students gathered together to release the students reported to have been detained at Hardwagunj. The city people also began to mobilise. The situation threatened to be very serious. The District authorities however controlled the situation in the town and the Proctorial staff of the University checked the students. The exact position was explained. Therefore the question is that had proper accommodation been provided for these people at Rajghat, this incident, which has occurred and which would have become very serious, would not have occurred at all.

It was not only on this occasion, but on another occasion similar things happened at Dadri station. The luggage in each case was looted.

**Mr. President:** I think this explanation is enough for the purpose of judging the admissibility of the motion. I do not see any connection at all, and what happened cannot be the direct result of the failure of the Government of India to provide additional trains. If there is any connection at all, it is so remote that it cannot be taken into consideration. I do not see how I can admit this motion, and I therefore rule it out of order.

#### ELECTION OF A MEMBER TO CENTRAL ADVISORY COUNCIL FOR RAILWAYS

**Mr. President:** I have to inform the Assembly that up to 12 Noon on Monday, the 7th April, 1947, only one nomination was received for the sixth vacancy on the Central Advisory Council for Railways. I, therefore, declare Captain G. T. B. Harvey to be elected to the Council, the election of which is now complete.

#### RUBBER (PRODUCTION AND MARKETING) BILL

**The Honourable Sri C. Rajagopalachari** (Member for Industries and Supplies): Sir, I move:

"That the Bill to make provision for assistance to the rubber plantation industry by regulating export from and import into British India of rubber and the sale of rubber therein and by other means, as reported by the Select Committee, be taken into consideration."

**Mr. President:** Motion moved:

"That the Bill to make provision for assistance to the rubber plantation industry by regulating export from the import into British India of rubber and the sale of rubber therein and by other means, as reported by the Select Committee, be taken into consideration."

**Mr. Tamizuddin Khan** (Dacca cum Mymensigh: Muhaminadan Rural): The Bill appears no doubt to be a necessary one; but there are certain provisions of the Bill which I think require explanation. Under this Bill a Board with wide powers is proposed to be constituted. I refer to clause 4 of the Bill. There, representation is proposed to be given to the Government of Travancore which will nominate as many as three members, and two members will be nominated by the Government of Cochin.

There is another committee—I refer to clause 7 of the Bill. A committee will be constituted which will be called the Rubber Price Advisory Committee. There also there will be representatives of the States.

My point is that this measure will extend to British India only and not to any Indian States. That being so, why representation and such a high representation is proposed to be given to certain States? It will appear, Sir, that the operative provisions of the Bill will not at all apply to the States. I refer to clauses from 11 onwards,—clause 11, Power to prohibit or control imports and exports of rubber; then clause 12, imposition of rubber cess; then clause 13, power to fix maximum and minimum prices for sale of rubber; then clause 14: Licensing of transactions in rubber; and so on and so forth. These will not apparently apply to the Indian States. I see that if these provisions do not apply to the Indian States, it will be a great handicap to fulfil the objects of this measure, but even if we have to take things as they are why such representation is proposed to be given to the States on the Board I do not know. Probably the Government of India have come to some arrangement with the Indian States. If that is so, it should be explained whether the States also have agreed to pass identical legislation to impose cess and do all these other things. If that arrangement has not been arrived at, I think the producers of rubber in British India will be put to a great disadvantage: their prices will be fixed, they will have to pay cess, and there are other restrictions. It may be that on account of all these restrictions production of rubber will be encouraged in the Indian States, whereas it will have a discouraging effect on the producers in British India. These are some of the provisions which seem to be inexplicable. I hope the Honourable Member will explain that before the Bill is taken into consideration clause by clause.

I have also certain objections to certain other clauses to which I shall refer when the clauses are taken up one by one.

**The Honourable Sri C. Rajagopalachari:** I am grateful to the Honourable Member for having raised this difficulty and I shall explain at once.

The object of the Bill has been made clear and that is why I did not make any statement when moving that the Bill be taken into consideration. But I see that an explanation is necessary. The production is almost entirely in the Indian States referred to. The position with regard to marketing is this. The manufactures are in British India, i.e. the manufacturers of products out of rubber. The raw material for that manufacture is produced in the States as well as roundabout in Malaya and other places outside India. During the war those places outside India which produced rubber went out of possession and during the war valuable service was rendered by the rubber plantations in India to fill up the gap. At present we have come to peace time. Production outside India and production inside India have to compete with one another to some extent now. The outside production is cheaper. But if we allow Indian manufacturers of rubber goods to depend upon cheaper rubber outside India the net result will be that the plantations in the Indian States—the production in India being entirely in the Indian States—will get out of production. The cultivation will go probably to coconut and other alternative agricultural produce and then one of the most important strategic materials required for national self-sufficiency will be lost. It is therefore absolutely

[Sri C. Rajagopalachari]

necessary to retain the production in India at the level at which we can keep it and improve it inspite of the difficulty in regard to marketing. The manufacturers have been very good and they have even in anticipation of this Bill, accepted a price which is above the world price but which will maintain production in India economically, and after this Bill is passed, the power will be taken by the Board to fix the price from time to time, which will maintain in the internal production of rubber in India without loss and help to improve its quality and the manufacturers of rubber goods will purchase almost entirely this production and supplement it with rubber imported from outside. That is the reason why the Bill concentrates on import control and really places no restrictions—as it has emerged from the Select Committee—on movement or upon internal sale and purchase. The Control will be to keep the imports at such a level that the internal production of rubber may not suffer. That is the position.

As regards the constitution of the Committees, seeing that this measure is for the protection of the rubber growers, it is necessary to have them in the Committees in order that their views may be taken into account in fixing the prices. The States who are the main producers have agreed to follow up this legislation similarly in their own States so that there will be no want of co-ordination as regards representation it is in due proportion to the importance which these State producers have in regard to production. British Indian legislation is necessary in order that the manufacturers of rubber goods might be controlled and that import may also be controlled and in the interests of all the parties this Board has been constituted. It was thought that the manufacturers of rubber goods in India had not sufficient representation on this Board. That was a defect in the original Bill, but after the Select Committee has handled it that defect has been rectified. We have now representatives of the manufacturers as well as representatives of the producers of rubber in due proportion. As regards the fixing of prices, it is not a matter of voting, nor can we control world prices through voting. It is to be done by agreement and that is why adequate representation is given to manufacturers and producers in the Select Committee as the Bill has come out. The Price Committee is almost an independent body though nominated by the Board. But the representation is such that the manufacturers of rubber goods as well as producers of rubber will have an equal voice and the Government will be there to understand the whole position and to decide what should prevail and what regulations should issue. There is nothing unfair in giving the States the representation provided for, because they are the major partners in the business of production, and there will be no domination by the States such as was suggested in the speech of the Honourable Member. On the contrary they are also split again and they will divide their representation in proportion to their importance. I suggest that there is no defect in the Bill as it has emerged from the Select Committee in regard to this matter.

As regards the agreement of the States, they have agreed, and they will follow up with legislation on the same lines. The apparent defects in the clause with regard to control are also illusory. The licence provisions have been altered to make it practically a free licence. The control will be on imports and that is for the protection of the indigenous production and the manufacturers have to be protected because an undue fixation of prices which may not suit the conditions under which the manufacturers will have to work may not be proper.

I hope the Honourable Members will accept this explanation and pass this Bill without any difficulty.

**Mr. Tamizuddin Khan:** I accept the explanation. But can the Honourable Member tell us what proportion of the entire production of rubber in India is produced in British India and what proportion in Indian States?

**The Honourable Sri C. Rajagopalachari:** It is infinitesimal. The production is mostly in Travancore. I think the Honourable Member from the European Group may give some information on the matter.

**Mr. President:** The question is:

"That the Bill to make provision for assistance to the rubber plantation industry by regulating export from the import into British India of rubber and the sale of rubber therein and by other means, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

**Mr. President:** The question is:

"That Clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

**Mr. Tamizuddin Khan:** Sir, I move:

"That in part (b) of clause 3 of the Bill, the words 'or holds stocks of rubber' be omitted."

This is the definition of dealer. The definition as it stands will also include persons who are not dealers at all. I refer to manufacturers of rubber tyres and other articles. They have to hold stocks and sometimes large stocks for the purpose of manufacture. If they are to be regarded as dealers that will create complications. I would therefore suggest, if it is not difficult, for the Honourable Member to accept this amendment so that complications like this may be avoided. I do not know if the acceptance of the amendment will cause any further difficulty in other ways.

**Mr. President:** Amendment moved:

"That in part (b) of clause 3 of the Bill, the words 'or holds stocks of rubber' be omitted."

**The Honourable Sri C. Rajagopalachari:** If the provision with regard to dealers be kept in mind, it will be seen that there is no harm in the definition as it stands. There is no imposition of difficulties on dealers as such nor are they penalised in any manner. The Honourable Member must remember the definition of rubber. It does not cover manufactured goods but only crude rubber in some form or another. The dealer has to be under control so that there may be no subterfuge against import provisions, as it is defined now. If I accept the Honourable Member's suggestion that we exclude people who hold stocks for manufacturing purposes, there may be difficulties caused and the control may become absolutely impossible.

**Mr. Tamizuddin Khan:** Sir, I beg leave to withdraw my amendment. The amendment was by leave of the Assembly withdrawn.

**Mr. President:** The question is:

"That Clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

**Mr. S. Guruswami (Nominated Non-official):** Sir, I beg to move:

"That in sub-clause (3) of clause 4 of the Bill, the following new part be added at the end, namely:

(1) three members to represent labour in rubber production and marketing nominated by the Central Government in consultation with labour organisations."

**Mr. President:** I am sorry it is not possible for me to give the notice with reference to this amendment. The Honourable Member can speak either for or against the clause.

**Mr. S. Guruswami:** Sir, as my amendment cannot be moved I would like to remind the Honourable Member in charge of this Bill that when this matter was discussed last time Mr. Joshi pointed out the lacuna in the Bill, viz., absence of labour representation in the constitution of the Rubber Board. There is provision for the representation of the rubber growers and manufacturers in India. But so far as labour is concerned they come within the jurisdiction of the all India bodies like the Trade Union Congress and the Indian Federation of Labour. We do not want to stand at the mercy of the Indian States for this purpose. Here is an occasion to implement a cardinal principle which is followed in the case of other measures, namely recognition of labour representation. Therefore I would appeal to the Honourable Member to modify this clause to make provision for labour interests being voiced in the Rubber Board.

**Mr. N. M. Joshi (Nominated Non-Official):** Sir, last time when the motion made, that the Bill be taken into consideration I had sent notice of this amendment myself but the Bill was sent to a Select Committee. Unfortunately neither myself nor my two other labour colleagues had the good fortune to be members of the Select Committee and it seems that our case has gone by default. It is true that the amendment to clause 4, sub-clause (3) was sent too late and I admit, so far as I am concerned, that it is due to my inactivity. I do not wish to defend it but I think that although I may have been guilty of inactivity, I should not allow this opportunity to go without my putting forward the view that in a Board which has to control the production, manufacture and marketing of rubber there should be place for workers who take part in the production, manufacture as well as marketing. Among the growers of rubber there are large numbers employed on rubber plantations who are labourers. In the rubber factories there are large number of industrial workers. Similarly in the marketing companies also there are employees who take part in the marketing. I feel that these persons who are labourers or workers or shop assistants play as important and essential a part as other sections which take part in the production, manufacture and marketing of rubber. Their interests in the industry as a whole should be recognised and they should have a voice. Quite rightly I recognise that those people who put their capital in the rubber plantations or those who put their capital in the rubber manufacture and who put their capital in the rubber trade should have some voice in the management of a Board of this kind. But I feel that the interests of the workers are even larger than the interests of other sections in the industry. Take for instance the interests of the capitalist growers, the capitalist manufacturers and the capitalist traders. Their object is to make profit. If they can make a profit by growing less rubber, they are not interested in growing more rubber, but they will grow less rubber. Similarly, in regard to manufacturers if they can make larger profits by manufacturing less quantity of rubber they will do so. The same position will apply to the trade. If by having a smaller trade they can make larger profits they will contract their trade. But that is not the position in the case of the people who work as employees on rubber plantations, rubber factories and rubber shops, grades or companies. Their interest lies in having more employment. They are interested in larger production, larger manufacture and larger trade in rubber. To my mind the interests of the employees are larger in these various forms of the industry than the interests of those people who engage their capital in this industry. I feel that the Government of India is not doing justice in omitting to give this people who are interested in having larger production, manufacture and trade in rubber

I have heard it said many times here as well as outside when we considered the question of strikes that labour should treat itself as a partner in industry. Is this the way of recognising the partnership of labour in this industry? If labour is to consider itself as a partner in industry, then this is not the way

to treat labour. These labourers may not be educated nor have the political influence which other sections may have but they understand this much, that if there is a board and they have no representation, they are not partners. They are mere wage slaves. If you treat them as wage slaves they will become wage slaves. This is how we produce wage slaves. I therefore feel that it was wrong on the part of Government to have omitted to give some representation, some recognition of the fact that labour is a partner in the industry. You cannot treat them as tools by merely using the word 'partners'. Recognise their partnership when an occasion arises and then it is quite possible that labour may feel sometimes that they are partners. I therefore hope that the Government will still consider this question. They will have an opportunity in the Council of State to rectify their mistake. I think it is a mistake and they should not commit that mistake. They have still an opportunity to amend this Bill and recognise that labour too has an interest in this industry. They can make that amendment in the Council of State and I have no doubt that such an amendment will be accepted by the Council of State.

**The Honourable Sri C. Rajagopalachari:** Sir, I am grateful to the Honourable Member for putting his point in this manner and leaving it to the Government to rectify what he calls a mistake when an opportunity might come later on. I am not giving a defence or controverting his position as to the importance of the worker in this matter, but I am giving an explanation if I may be permitted to so call it. No question in which the interest of labour employed in the plantations is involved to any extent would come up for discussion before this Board. That is the reason why representation for labour was not included in this scheme. As a matter of fact the only problems that would arise before the Board would be problems in which the conflict would be between the grower and the purchaser of rubber, namely the rubber manufacturers. In any scheme wherein the interest of labour would be concerned, Government would not commit the mistake of forgetting to provide for representation of labour. In point of fact in this connection representation of labour would simply amount to representation of labour unions or some technical representation of that kind and not really those who are actually on the spot. I have already explained the circumstances attaching to this industry, but I am not proposing to say that that is a reason for not providing for representation. The reason that I have offered is that the issues involved do not cover the interests in which representation from labour would have to be provided for a discussion. That is why it has been omitted. Where there is any real necessity I am certain the Government will take into consultation representation from labour and if there is any choice, provision will be made for giving representation to labour. The main object of the Bill is to see that in the world context Indian production of rubber does not lose ground and that provision should be made for development and research in regard to production of rubber and that is fulfilled by the representation given here in the Board. I hope that though there is no amendment, Honourable Members who have spoken on that point will not imagine that we have neglected the interests of labour deliberately or otherwise.

**Mr. President:** The question is:

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Clauses 5 to 16 were added to the Bill.

**Mr. Tamizuddin Khan:** Sir, I beg to move:

"That in sub-clause (1) of clause 17 of the Bill, after the word 'rubber', the words 'or maintain an existing rubber plantation' be inserted."

May I also move the other amendment?

**Mr. President:** See.

**Mr. Tamizuddin Khan:** I beg to move:

"That in sub-clause (2) of clause 17 of the Bill, after the word 'planted' occurring in line 2, the words 'or an existing rubber plantation maintained' be inserted."

Apparently there appear to be certain anomalies. I refer to clause 10 of the Bill. There provision is made for registration of plantations. Every owner will have to do that. But that refers only to existing plantations, "land planted with rubber plants". The question whether future planters also will have to register their plantations or not is not at all there. To that extent that clause seems to be defective. I do not know whether the idea is that so far as existing plantations are concerned these will have to be registered, but from the licences that will be taken with respect to others there will be automatic registration of new plantations. I do not know what the intention of the Government is. Apparently there appears to be a lacuna. I am not however dealing directly with that. So far as my present amendment is concerned, clause 17 (1) says:

"No person shall plant or replant rubber except under and in accordance with the conditions of a special licence issued by the Board."

What about existing plantations? Apparently this refers to new lands to be brought under rubber plantation—"shall plant or replant rubber". So far as existing plantations are concerned, which will continue to be maintained, neither the word 'plant' nor the word 'replant' applies to them. Therefore the conclusion is that the existing plantations are excluded from the purview of this clause. That means that regarding existing plantations no licences at all are necessary. I do not think why that should be so. If licences have to be taken, licences must be taken by holders of existing plantations to maintain those plantations just as to make new plantations and also to replant rubber, when the existing plantations are exhausted. Therefore I think that this is a necessary amendment to fill up an obvious gap.

So far as my second amendment with regard to this clause is concerned, it is consequential. If the one is accepted the other also may be accepted.

With these few words I commend my amendments for the acceptance of the House.

**Mr. President:** I shall put both of them as one amendment.

Amendment moved:

"That in sub-clause (1) of clause 17 of the Bill, after the word 'rubber', the words 'or maintain an existing rubber plantation' be inserted; and in sub-clause (2) of clause 17 of the Bill, after the word 'planted' occurring in line 2, the words 'or an existing rubber plantation maintained' be inserted."

**The Honourable Sri C. Rajagopalachari:** I think the amendment is moved under a misapprehension. Section 17 is with reference to licences. The idea of the Honourable Member in suggesting the insertion of the words he has proposed is that there should be a complete register in the office of the Board or that of the Government of the existing plantations. Provision has been made for collection of statistics and the Board will presumably have a register of all plantations as they now stand and statistics relating thereto. A licence is to be provided for where something new is to be done and so it would be impossible to provide that no person shall maintain and must allow his plantation to go to ruin unless he takes a licence. It will be purposeless and outside the scope of the present Bill. The object of the Bill is that any changes and additions should be made with reference to conditions of development and that is why it has been provided that a licence should be sought by anyone who wants a change in the existing state of things. As regards mere registration of existing plantations no section is necessary. The ordinary function of the Board will cover that. I hope the Honourable Member will not press his point.

**Mr. President:** Is the explanation clear to the Honourable Member?

**Mr. Tamizuddin Khan:** It is not clear to me.

**Mr. President:** May I just enquire if I am correct in understanding that in all cases, even in the existing plantations, as the Honourable Member said, no replantation will be permissible unless a licence is issued. It is not that the existing plantations will be excluded from obtaining the licence. Therefore, if you prevent maintenance of an existing rubber plantation without these licences, it will be an additional burden without any corresponding advantage.

**Mr. Tamizuddin Khan:** That seems to be the explanation, but I am not satisfied. Why should a distinction be made in the case of an existing plantation?

**The Honourable Sri C. Rajagopalachari:** In rubber plantations as trees grow out of production new plants will be put there for maintenance of the plantation as a whole. That will be covered here. It is not as if all existing plantations in their entirety are removed from jurisdiction.

**Mr. President:** If the Honourable Member is not satisfied, then I will put his amendment to the House.

The question is:

"That in sub-clause (1) of clause 17 of the Bill, after the word 'rubber', the words 'or maintain an existing rubber plantation' be inserted; and in sub-clause (2) of clause 17 of the Bill, after the word 'planted' occurring in line 2, the words 'or an existing rubber plantation maintained' be inserted."

The motion was negatived.

**Mr. President:** The question is:

"That clause 17 stand part of the Bill."

The motion was adopted.

Clause 17 was added to the Bill.

**Mr. Tamizuddin Khan:** Sir, I move:

"That in sub-clause (2) of clause 18 of the Bill, after the word 'fraud', the following be inserted, namely:

'or if the licensee contravenes any of the terms of the licence'."

The objection of my amendment is obvious. It requires no explanation. What is the object of issuing these licences if the terms of the licence are not intended to be observed by the holders of the licence. I think this is a necessary amendment.

**Mr. President:** Amendment moved:

"That in sub-clause (2) of clause 18 of the Bill, after the word 'fraud', the following be inserted, namely:

'or if the licensee contravenes any of the terms of the licence'."

**The Honourable Sri C. Rajagopalachari:** This makes the provision stiffer and more stringent. I have no objection to accept the proposal. There is a provision for punishment already but if it is thought that revocation of the licence should also be provided for I have no objection.

**Mr. President:** The question is:

"That in sub-clause (2) of clause 18 of the Bill, after the word 'fraud', the following be inserted, namely:

'or if the licensee contravenes any of the terms of the licence'."

The motion was adopted.

**Mr. President:** The question is:

"That clause 18 as amended, stand part of the Bill."

The motion was adopted.



[Mr. President]

Clause 18 as amended, was added to the Bill.

Clauses 19 to 29 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sri C. Rajagopalachari:** Sir, I move:

"That the Bill as amended, be passed."

If you will permit me, I wish to tender my thanks to the Select Committee and to the Chairman, Mr. Griffiths, who helped to improve and secure for this Bill the unanimous consent of the persons concerned.

**Mr. President:** The question is:

"That the Bill as amended, be passed."

The motion was adopted.

### RESERVE BANK OF INDIA (SECOND AMENDMENT) BILL

**The Honourable Mr. Liaquat Ali Khan** (Finance Member): Sir, I move:

"That the Bill further to amend the Reserve Bank of India Act, 1934, (*Second Amendment*) be taken into consideration."

Sir, this is a most important measure because it signalises the emergence of the rupee as an independent currency, its delinking from sterling and its coming on to what may be termed the "international standard".

While before 1931 the rupee had some connection with gold, since that year it has been purely on the sterling standard, its value fluctuating in terms of other currencies according as the value of sterling fluctuated in international markets.

This linking up of a currency with only one other, over the value of which there is no control, has obvious disadvantages; but as long as the currency with which the link is maintained is one of the most important currencies of the world from the point of view of international trade, is reasonably stable and is freely convertible into all other currencies there are also practical advantages in such a link. Sterling has in the past, by and large, fulfilled the first two conditions though since the outbreak of the War it has ceased to be freely convertible.

The sterling link was expressed by Sections 40 and 41 of the Reserve Bank Act which compel the Reserve Bank to buy and sell sterling for rupees at certain fixed rates without limit of amount. Though these sections were designed originally only to maintain the external value of the rupee, they were used during the War to provide the rupee finance required by His Majesty's Government and other allied governments. This use of the Sections which has resulted in the creation of the sterling balances led to a widespread agitation for their repeal.

This is not the occasion, Mr. President, to discuss whether these sections should or could have been repealed earlier or whether the remedy for the position that arose lay elsewhere. Suffice it to say that before the rupee could be delinked from sterling it had to be linked with something else. That something else has been provided by the International Monetary Fund.

Under the International Monetary Fund, members are required to express the par values of their currencies in terms of gold and exchange rates are determined by the ratios which the par values so expressed of member currencies bear to each other. The continuance of a direct statutory link with sterling through the existing Sections 40 and 41 has therefore become both unnecessary and inappropriate.

The repeal of Sections 40 and 41 and their replacement by the new Section 40 is designed to link the rupee to the currencies of all those countries which are members of the International Monetary Fund. The Reserve Bank will in future have the power, under directions from Government, not only to buy and sell sterling but other currencies as well though, in practice, it will continue as before to deal only in sterling till our foreign exchange position becomes clearer as the result of a settlement of our sterling balances. Thereafter it will begin operations in other currencies also.

It will be observed, Sir, that the exchange rate of the rupee in terms of sterling has been fixed by the Reserve Bank of India Act. Under the proposed amendments the fixation of the exchange rate is left to be determined by the Central Government. The justification for this change is, firstly, the changes in exchange rates must be made with the highest possible speed and secrecy. Secondly, the power of the Executive is not unlimited; it is being bounded by its obligations to the International Monetary Fund. Thirdly, as the rupee will in future be exchangeable with a multitude of foreign currencies, it will be inappropriate and inconvenient to lay down all the exchange rates **1 P.M.** by statute.

Sir, the other amendments to the Reserve Bank Act proposed under the Bill are consequential and confer on the Reserve Bank power, firstly, to buy and sell foreign exchange both on its own account and on account of Government and, secondly, to open accounts with foreign banks other than the currency authority of the relative country which it is not empowered to do under the Act as it stands at present. This Bill will break the statutory link between the rupee and the sterling; but by virtue of the Notifications which it is proposed to issue under the new section 40, it will not have the immediate effect either of changing the rupee sterling exchange rate or of taking India out of the sterling area. Sir, I move.

**Mr. President:** Motion moved:

"That the Bill further to amend the Reserve Bank of India Act, 1934, (*Second Amendment*) be taken into consideration."

**Mr. Manu Subedar** (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, no one would be more glad than myself at the emergence of this Bill which the Honourable the Finance Member has introduced, because at no time during the last four years have I missed any opportunity either in the press or on the platform or in this House of pointing out the anomaly of the currency of this country hanging on to sterling by means of these two sections and of the abuses of these two sections for which they were never intended. This country has been bled white by a provision which existed in the Reserve Bank Act and which this Bill seeks to repeal. It has been bled white for purposes which we have not always approved and in a manner which has hurt every section and every class of people in this country and which has resulted in an enormous mass of value having been removed from this country in the form of sterling balances, which leaves us the problem of full and proper recovery of this, which has cost this country heavily.

Now, Sir, I mentioned in this House a phrase which very much stung and upset the then Finance Member. I said he was printing press Raisman, who had no concern except for the war, the whole war and nothing but the war. In other words, at that time not only the civil population but the permanent economy of this country was sacrificed by the operation of these two sections. I also complained with regard to the Indian Directors of the Reserve Bank who were sitting there. While the Finance Member was merely the agent to the United Kingdom, working in this country for the benefit of the United Kingdom, the Indian Members of the Reserve Bank Board were

[Mr. Manu Subedar]

Indians and, I said, they had failed in their public duty in not objecting to the operation of this particular section for the particular manner and for the purpose for which it was being used. Now, Sir, I rejoice, as the Finance Member has himself said, that this is the final termination of London control so far as our currency is concerned. I am very glad at the change, but I do think that the Government have rather economised legislation in the sense that they have brought in one omnibus clause which will cover the operations of the future. They have brought in a clause which empowers the Reserve Bank, which compels the Reserve Bank to sell or to buy from any authorised person who makes a demand on that behalf on such rates of exchange and on such conditions as the Central Government may from time to time by general or special directions determine.

Now, Sir, my Honourable friend Mr. Tamizuddin Khan has very rightly put an amendment which says that it is redundant having regard to the character of the Government which is in control of this country's affairs; but it says that this shall be done in the interests of India. This, however, has a very natural reaction from the fact that this very currency law was passed against the interests of India and in favour of somebody else in the past. He is very much justified and is perfectly in order in bringing this amendment.

Coming now to the details of the operation which the Reserve Bank will have to carry out, I do not see how the Reserve Bank shall buy foreign exchange from authorised agents. It will put rupees and buy other currencies from other authorised agents. Will the foreign banks hold a licence from the Reserve Bank here under the foreign exchange law? This is a small lacuna to which I draw the attention of the Government and I say that the obligations placed on the Reserve Bank are very vague. Why should it not be possible for any man to present to the Reserve Bank, for example, gold in unlimited amount and to receive dollars for that? Why should it not be possible for any man to present gold to the Reserve Bank in unlimited amount and receive rupees from the Reserve Bank? Those provisions are essential and necessary in so far as the dollar and the gold have been now taken to be the standard for this country. I do not know whether the dollar is a perfectly safe anchor for this country's currency. It is true that at the present moment it is convertible in all other currencies. It is a much desired and much coveted currency and for the time being there is no difficulty. But we do not know the course of affairs in India. I expect that on account of excessive purchases abroad, shortages of food and various other reasons which I have frequently mentioned in the House, exchanges are likely to be on the whole against this country for the next three or four years. During this period not only will there be a close regulation required with regard to those who buy foreign exchange, for which this House has already provided the Foreign Exchange Act which we passed the other day, but during this period the problems of volume and the rate of exchange value between India and foreign countries are bound to arise which will not be a plain sailing for the Reserve Bank. I do not know whether the Reserve Bank is preparing itself and has prepared itself for the responsibility which this particular Act is now laying upon them. The Reserve Bank is soon to be nationalised. The definition of 'soon' about which this House on both sides had been indulging in various jokes, varies from one week to ten weeks. Therefore, I do not know whether it will be soon.

**Sgt. N. V. Gadgil** (Bombay Central Division: Non-Muhammadan Rural): It is not proper to call the decision of the House a joke. I do not think it is fair to the House to call its decision a joke.

**Mr. Manu Subedar:** I think the House has been indulging in a joke at the disappointment and frustration of members on this side of the House who wished to press the Treasury Members to go beyond the limit of the answer which has generally been 'as soon as possible'. It is a joke. My Honourable friend Mr. Gadgil thinks that I am casting an aspersion on the House. It is not so. But more than once Honourable Members of this House had the experience that the Government Member was not willing to go beyond the general formula which he gave. I think various other issues arise particularly with regard to gold. If we are on the gold standard, it will be absurd if there is to be no legal provision for the Reserve Bank to buy unlimited amount of gold and give rupee currency in its place if it is desired. There is no provision for the Reserve Bank to acquire gold in unlimited amount and give any exchange for it in the world because through the machinery of International Monetary Fund gold can buy any currency in the world. If any national in this country wanted any other currency and was willing to produce the gold before the Reserve Bank, the position that he should not get it or that there should be any conditions attached to it would be absurd, that would not be free currency, that would not be independent currency which the Honourable the Finance Member mentioned.

Sir, I have no doubt that under the conditions in the clause mentioned which the Central Government framed, this particular distinction would be made good and Government will fully consider it in the same manner as other Governments. The U. S. A. Government buys gold at 35 dollars to the oz., that bring us to the price of gold in this country, the excessive price for gold in this country is the measure of lack of confidence in the currency of the country by the population which is hoarding gold preferring gold currency to paper currency. I do not say there are no other contributory causes to the high price for gold. This is one of them. We must regard it as one of the indications of the extent to which this Government and the Reserve Bank have got hold of the affairs of the country. As soon as this government tries to put down inflation and restore order and tackle with the economic production crisis, which I mentioned the other day, as soon as measures of this kind are taken, they excite the confidence of the people. It is extraordinary that the amount of premium on the price of gold and silver is so large, and it is necessary that it should come down. It is necessary because, should the Reserve Bank find itself at any time in the position of adverse balance, I have already indicated that in the next four years, the danger of such adverse balance is not imaginary, should the Reserve Bank find itself faced with that phenomenon of adverse balance, and the foreigners from whom we have been buying require payment subject to little adjustments like the time lag which can be covered by credits which may be raised from the International Monetary Fund, the position will be that the Reserve Bank will have to pay gold. If the Reserve Bank will have to pay gold, then they will have to buy gold from America and if they are to buy gold from America, the position will be one of extraordinary severity because gold price here is more than double the gold price of parity and the Reserve Bank will not get more money outside. They would get at world price in this country, they will have to pay inflated price which may exist in the market. That brings me to the question of gold reserve which the Reserve Bank has got. This gold reserve is left with the Reserve Bank, as far as I know at the old value of Rs. 21-5-0 per tola. It is possibly in the neighbourhood of 40 crores. I think no more opportune moment can be taken to revalue this gold reserve, to put this position right, than now. I think the surplus arising in this manner by re-valuation—and such revaluation has been done by several Banks in several other countries—the surplus arising out of such revaluation in my opinion should be used in the first instance to pay of shareholders of the Reserve Bank. I think the balance of it should be held by the Reserve Bank in exchange reserve which

[Mr. Manu Subedar] they may use to acquire further gold. It is necessary as an article of common security and safety, not as an extraordinary measure but a normal measure for the Central Bank in this country to arm itself with a lot more gold than it possesses now. Unfortunately in this country there is a lot of loose gold in all pocket of the public, it is not the case anywhere else in the world.

**Sri M. Ananthasayanam Ayyangar** (Madras Ceded Districts and Chittoor Non-Muhammudan Rural): Question. How much of distress gold has found its way to England.

**Mr. Manu Subedar:** The total value of gold bullion in this country in the pockets of people is greater per head than in many other countries.

**Mr. President:** The House will now adjourn for Lunch.

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

---

The Assembly then adjourned for Lunch till Half past Two of the Clock.  
**Mr. President** (The Honourable Mr. G. V. Mavalankar) in the Chair.

---

**Mr. Manu Subedar:** Sir, before we rose for Lunch I was pointing out that Government had exercised unnecessary economy in this legislation and had left out a good many things to be done hereafter by leaving the provision that Government will lay down conditions which the Reserve Bank will carry out. Now, Sir, the Reserve Bank, as I have previously observed, is staffed with people who are mostly with ordinary banking experience. The working of an ordinary bank and the working of a central Reserve Bank are as different from each other as chalk from cheese; and I fear that most of the superior staff of the Reserve Bank have probably not got that aptitude which is required, and it must be the endeavour of Government, I strongly urge, to induce them to acquire this aptitude and to understand and be ready for their work. In the past this institution was receiving almost what I may call instructions from the Bank of England. It was most humiliating for some of us to feel that the affairs of our country, in so far as central reserve banking is concerned, were dictated not on the initiative of an Indian nor again always in the interests of India, but that they were dictated from the Bank of England from whom instructions were received. In any case the instructions from the past Government were as good as instructions from His Majesty's Government whose agents the previous Finance Members were in this country.

Now, Sir, I was dealing with a few points with regard to gold. I feel that although technically it may be said that we have not gone to the gold standard—it is true that we have broken the link with the sterling—it will be rather difficult to describe the standard to which we have gone. If we had gone to the gold standard it would be necessary to lay the obligation on the Reserve Bank to buy and sell gold at stated prices. Even if the obligations were not to be laid on them in both directions—and I see the difficulty of not doing so—at present I do feel that the obligation on the Reserve Bank to buy gold of an unlimited amount and to any extent at the parity should be provided. Sir, the giving of licences to private people for importations has also ceased and I have urged that the Reserve Bank should be the sole importer of gold. I urged this as early as 1931 when on the Banking Commission I wrote the minority report. And I still feel that in the condition of our country where there is inordinate partiality towards gold and a desire to possess gold and where gold is not only a store of value but a reserve in which people put their savings it is necessary. India is normally an importer of gold, and therefore what would be more correct than that the central banking authority should have all the gold coming to this country falling into its hands in the first instance and then being

distributed to the users if and when conditions provide for it, and stopping such distribution and leaving it in its own hands to strengthen its foreign exchange condition as and when that condition arises? Sir, it was reported the other day that as many as fifty thousand ounces of gold were imported from New York to India. This announcement came long after the issue of the private licences had been discontinued. I should like to know in whose hands this gold worth more than a crore of rupees has gone and whether the profits of this are taken by any strangers, foreigners or foreign banks, or whether the profits have come into the hands of the Reserve Bank. If they have not so come it would be a matter of great surprise and regret, and I think in future care should be taken that absolute monopoly is exercised by the Reserve Bank in the importation of gold from outside and its sale in this country; and the difference, if any, must remain with the Reserve Bank itself. And this difference, I urge, should go to the building up of an exchange reserve which is very necessary. As I mentioned before, this country's future in the next four years certainly in the matter of exchange will be one of some difficulty and it is only right and wise that a reserve should be built up. Now, Sir, it is a strange phenomenon that at one time about two or three years ago people were smuggling gold out of India because in the middle east the price of gold was very high. The Customs Department under the Honourable Finance Member arrested some people when they were smuggling out sovereigns from this country in a country craft. And this was the phenomenon that we used to hear. Now about a fortnight ago we heard of another phenomenon, namely, that gold coins of Iran were being smuggled into India and the customs people had again arrested these people for smuggling gold into India. Consider these two circumstances. There was a day only about two years ago when gold was being smuggled out of this country, and today the position is the other way when gold is being smuggled into the country. These are things which make you think and which I trust will make the department and its officials think what this is due to. As I said before, the premium on gold in this country reflects to some extent, at all events, a lack of confidence in the currency of the country.

It is the duty of Government to gradually work down this premium and it is their duty to take other measures which will restore the confidence, which will unburden the hoarding which has gone on in this country and which will bring more gold on the scene and bring the gold into this country into parity with gold price elsewhere. There was very high inflation in Persia, much higher than in India, at one time and therefore gold was leaving this country and was being smuggled out. Has not that inflation been put right? By what process and by what steps—I admit it has been put right with the active assistance of the United States—has it been put right, and why is it not being attempted in this country?

I want to urge that the Reserve Bank should make active efforts to pick up as much loose gold as they can get in the world and to import it. There is a certain amount of gold available; there is a great demand here; and every time the Reserve Bank brings the gold they will have almost double the price falling into their hands. In the long run, therefore, this is a process which will, firstly reduce the amount of inflation in this country and, secondly, it will enable the Reserve Bank to build up a considerable reserve which they could use against contingencies and exchange difficulties which may arise in the future.

I think also it is necessary, apart from selling and making profit, that the Reserve Bank should increase its own stock of gold. The time has again come when on conservative basis of finance, it is necessary to lay down the amount of solid reserve which is carried against the currency of the country which is out in the hands of the people.

Now, Sir, in reply to the question whether it was possible to have these sections repealed earlier, the Honourable the Finance Member said that it was not possible. He is, Sir, the first Indian Finance Member and it is only fitting

[Mr. Manu Subedar]  
that at his hands this link with London has broken, and I am glad about it, but I hope he will not try to defend his predecessor whose policy was entirely indefensible.

**The Honourable Mr. Liaquat Ali Khan:** I am not defending anybody.

**Mr. Manu Subedar:** I am glad. I said so because I asked could they have been repealed earlier, and I heard the Honourable Member say that they could not have been. Perhaps I misunderstood it. I say it was possible, and it was necessary, and the Government have failed in their duty in not repealing these provisions at the moment when their abuse was noticed and they could have very readily and easily done so. It was not necessary for the Reserve Bank to be at the back and call and at the mercy of the Bank of England and receive all the sterling that was offered. The Reserve Bank could have said 'I am not willing to take this sterling'.

The Honourable the Finance Member mentioned that in due course we shall lay down the rules and the rates of exchange and if and when necessary they will be notified in accordance with the correlation with the International Monetary Fund. But I say that one of the most important rules even in the International Monetary Fund is about gold, and on this I have pointed out the *lacuna*, and I do feel that it would be necessary in the correct regulation of this affair in our country that some attention should be paid to gold, and the Reserve Bank should be free to buy at parity price all the gold that is offered, and they should have an obligation to give rupees against gold at all times. They should have the obligation, in my opinion, to give dollars against gold at all times until our relations are established in respect of dollars as a result of our joining the International Monetary Fund. The International Monetary Fund, it may be remembered, has given an undertaking that any currency would be given by the Fund on the production of dollars by any member. It has been customary in the past in this country in regard to the matter which we are discussing, to wait and see what action everybody else in the world takes. It has been customary to drift or to wait for instructions from the United Kingdom, and I think it is my duty to utter a note of warning. The entire officialdom, both in the Centre in Delhi and the Reserve Bank headquarters and branches, have always been in the habit of waiting for instructions, but the instructions are not coming any longer. I trust that I am correct in assuming that in this particular matter India is free and will adopt freely the policy which is dictated by her genius and by the interest of this country—if that is so, the thinking machinery would have to work in Delhi on these questions. It is no use merely waiting and drifting; you will have to think out what is the best position, what is the best condition for the immediate future, and what is the best for the long distant future, what is most necessary for the convenience and economy of our country. That process in my opinion ought to take place from now. Matters may appear on a superficial examination, so far as the exchange is concerned, somewhat difficult, but it must be remembered that this country is now the biggest country, the leader of all Asia. We have to maintain our relations on honourable and equal terms with other countries, and therefore in some directions we have to meet their needs and their requirements. In return they would be in a position to place at our disposal valuable foreign exchange.

Has that even occurred to any official of this Government, and if it has occurred may I know in which way all this is being implemented, so that while we shall be drawn in the vortex of the world fund and while we shall settle accounts as and when they arise with regard to the larger combination in the context of all the nations in the west and other American countries, may I know whether it is not possible to build up a smaller union in practice if not on paper and whether it is not possible to take the lead or initiative in the light of most

of our smaller Asiatic neighbours and to help them over and in doing so whether the Reserve Bank of India cannot play the big part which is its privilege, by geography, by history and by other conditions, to play. I feel that while I welcome this measure, for which I have been insistently asking for the last four years, there has been a great economy and a great mystery in so far as one clause has been made to do the duty. It is quite adequate for the immediate purpose, but the conditions will be laid down by the Government from time to time. What are those conditions? Have Government thought of them? Will they not take this House into confidence on those conditions? If they have not thought about them, will they not do some co-operative thinking in this direction? Will they not invite public opinion with regard to what should or should not be the conditions under which this should be done? I feel that much still remains to be done. I am confident as we begin to realize that we have to shift in this world of our own, we have to think and deal independently: We have to take the initiative and not drift. We have not to wait on anyone's instructions. It is my hope that this Government and the institutions who have to manage this will really do their duty by themselves and by this country. Sir, I support this measure.

**Sri M. Ananthasayanam Ayyangar:** I shall not be discharging my duty to the Honourable the Finance Member and to the House if I did not say a few words on this question. The Finance Member evidently is not aware fully of the importance of the measure that he has ushered in. He is to be congratulated and it is to his good that he has introduced a measure which is one of the landmarks in the history of economic independence of India. It ushers in the economic independence before actual political independence comes in. We were tied down by sections 40 and 41 to the apron strings of the United Kingdom sterling. We had to honour them by sending goods from our country to our detriment and in return they would honour our rupees. It is one of those matters which is provided for in the discriminatory relations in sections 100 to 115 of the Government of India Act. It is for their plying their ships on the coasts of India. India can do the same on the coasts of Great Britain. Likewise this reciprocity has been allowed to us all to our advantage. I do not know how to thank the Finance Member for having introduced this measure. This once for all cuts us away from the sterling group and links us to a bigger multi-lateral currency. But then we have to safeguard ourselves against one danger. We ought not to replace the United Kingdom by the United States of America. It is for that purpose I agree with my Honourable friend, Mr. Manu Subedar, who said that we must have sufficient backing for our currency in the form of gold.

The next step to be taken by the Finance Member is—we have till now the sterling as the backing for our currency—in the place of sterling we can have gold. Now that we are leaving sterling and have linked ourselves with gold or dollar, we must have gold backing for our currency or at any rate dollars. I will not recommend the dollar because we may tie up ourselves unnecessarily. Therefore, the earliest opportunity ought to be taken to have sufficient backing in the way of gold. This can be arranged in the settlement of the sterling balance. I find from the statistics that the United States of America holds the largest holdings of gold in the world. Next I think comes—we do not know the statistic of the U. S. S. R.—Great Britain. Formerly before the war France was holding more gold than Great Britain. But now the position has been reversed. Why not get sufficient quantities of gold from the United Kingdom. If in the Vaults of the Bank of England there may not be gold, the United Kingdom has arranged with the South African miners to sell all the gold produced in South Africa only to the United Kingdom. There is a kind of monopolistic agreement between them. The last time when gold was sold to this country, South Africa sold it to the United Kingdom and the United



[Sri M. Ananthasayanam Ayyangar]

Kingdom sold the gold to us, thus sharing the profit between the United Kingdom and South Africa. Therefore the next step that the Finance Member has to take is to get as much gold in return for sterling balances due to us from the United Kingdom.

As regards the holding of gold in our country, it was for a long time that our people belonging to all communities in this country, have been attacked or rebuked by westerners on the ground that the only use to which we put our gold is to prepare ornaments for our wives and children and look at them and be merry. But we find that that is one of the methods by which gold could be preserved in this country. For 75 years before 1933 we had gold imported to the extent of Rs. 216 crores. Between three and four years, from 1933-37, Rs. 800 crores of gold were sent away from this country. I introduced a Bill in 1937 to prevent the export of gold except on licenses from the Government of India and that to be given only for the purpose of meeting obligations which our people incurred in foreign countries by importing their articles when they cannot be adjusted otherwise than by export of gold and specie. The Governor General was not pleased to accord sanction. I had to say that the Governor General evidently is not satisfied that it would be in the interests of this country until the last grain of gold is exported from this country. He said it is not in the best interests of this country to prevent the export of gold except on a licence. Unfortunately today the gold prices have gone up and we have lost practically all the gold we had. We must make every attempt to get back gold and see if we cannot have a gold standard in this country. When our rupee is delinked from sterling, what is our standard? Is it gold or rupee or silver standard? No doubt we have become members of the International Monetary Fund and we have given par value of rupee in terms of gold which we have not. I would like that we be more realistic. We should have gold and gold must be payable with the Reserve Bank or with the supreme Bank of India in return of currencies being placed with them for exchange.

I am not in favour of smaller unions being developed though I would like Asiatic countries to form themselves into small unions. If they continue that I would urge upon our country taking the leading part in bringing about a smaller bloc. Otherwise, let us not start off by dividing and splitting into various small groups destroying the efficacy of the International Monetary Fund and the Bank.

But for our partnership in the International Monetary Fund this could not have happened. Therefore it was in the teeth of opposition and in spite of adverse criticism that it would not be in the best interest to become members of the International Monetary Fund. Some of us persist in the idea that we should become members. The immediate result would be to get ourselves separated from the sterling bloc. I heartily support the motion for consideration of this Bill.

**Mr. K. G. Ambegaokar** (Government of India: Nominated Official): I would like to answer a few of the points raised by Mr. Subedar in regard to what he considered to be *lacunas* in the Bill before the House.

In the first place he referred to the fact that in the proposed new section reference has been made to authorised persons and the Reserve Bank is required to have dealings with only authorised persons, and he asked the question why everybody should not be entitled to come to the Reserve Bank of India for their foreign exchange. I am afraid he has misunderstood. . . . .

**Mr. Mannu Subedar**: That was not my point.

**Mr. K. G. Ambegaokar:** I might as well mention that the words "authorised person" mean a person who is entitled under the Foreign Exchange Regulations Act to get the foreign exchange and are not restricted to 'authorised dealers' only.

Mr. Manu Subedar also raised the question about the conditions under which the Central Government will direct the grant of exchange. Those conditions will be under the Exchange Regulation Act. The intention of putting the word 'conditions' is that foreign exchange is to be made available in accordance with such regulations as might be made under the Exchange Regulation

Act, that is to say not that anybody at any time should be able to get whatever foreign exchange he wants but only that foreign exchange which is allowed to him under the Act. I hope that is sufficiently clear.

The next point of Mr. Manu Subedar's was about gold. He asked why it was not made obligatory on the Reserve Bank to buy gold in unlimited quantity. He of course did not go to the extent of saying that the Reserve Bank should be required to sell gold and the reason will be immediately apparent from the fact that if the Reserve Bank were to be required to sell gold the entire quantity of gold which is held by the Bank will be lost in one day. As regards requiring the Bank to buy gold the reason why it is not laid down here is that we are not going back to the gold standard. Mr. Ayyangar seems to be of the opinion that it would be in the interest of India to go back to the gold standard. That, I am afraid, is not the view which can be shared by most advanced countries at the present time. We have all had the bitter experience of the working of the gold standard and it is because of that experience that this new arrangement of the International Monetary Fund has been evolved. That is in a way based on the gold standard and yet it is not the same as the gold standard: it is a more flexible system than the gold standard. In view of the fact that we are a member of the International Monetary Fund it is not necessary for us to go back to the gold standard in the sense that the Central banking authority of the country should be required to buy and sell gold in unlimited quantities at a particular value. Under the articles of the International Monetary Fund it is laid down:

"The Fund shall prescribe a margin above and below par value for transactions in gold members, and no member shall buy gold at a price above par value plus the prescribed margin, or sell gold at a price below par value minus the prescribed margin."

Under the articles the par value of the member country's currency is prescribed and it is not necessary for the members to be required to buy and sell gold in unlimited quantities. The article I have just read out prohibits the member countries from buying gold above and selling it below the value prescribed. All the currencies of all the members of the International Monetary Fund are multilaterally convertible, so that any holding of any foreign exchange by the Reserve Bank in effect amounts to holding of gold, because they can convert dollar or any other currency into gold at any time they like. It is not necessary to lay down under the Act an obligation of the kind which Mr. Manu Subedar has pressed for. So far as the question of the Reserve Bank buying gold is concerned, the power is there. Under the main Act itself the Reserve Bank has been given the power to buy gold and silver and I have no doubt in my mind that when the Reserve Bank find it necessary and convenient they will go on buying gold and the object which my friend Mr. Ayyangar has in mind will also be served.

With regard to the apprehension in Mr. Manu Subedar's mind that the Reserve Bank authorities or the authorities of the Central Government may not be thinking ahead in regard to the various arrangements which will have to be made when we come on to this kind of arrangement, I may assure him that both the Reserve Bank and we have been doing a lot of thinking for some considerable time already. I hope he will appreciate the fact that it is not

[Mr. K. G. Ambegaokar]

possible for either the Reserve Bank or the spokesman of the Government to indicate what exactly is the line on which we are thinking. It is not in the public interest to divulge our policy in regard to this matter. Therefore I cannot expatiate on this particular point at any length but I may assure him that all the intricacies and all the obligations and difficulties that are likely to arise in regard to the management of our foreign exchange resources are being very carefully considered and whatever steps are immediately possible are being taken and will be taken.

One important point which Mr. Manu Subedar raised was regarding the revaluation of gold held by the Reserve Bank. He said that the present value prescribed under the Act is very low and this chance should be availed of to revalue it and he made certain suggestions as to the use that might be made of the surplus that may be thus obtained. The time has not yet come for doing anything of that sort for the reason that the international monetary conditions are at present unsettled and it would be unwise to alter our currency arrangements until such time as these conditions show a better prospect of stability. There are various other sections too in the Reserve Bank Act which require overhauling and we have not lost sight of this fact. Our object in moving this amendment was to get enacted very quickly the most essential measure of urgent importance. I may assure Mr. Manu Subedar and the House that we have not lost sight of the other important matters but they have to wait for a little while till our own position is a little more clear.

The idea of proceeding in this particular manner is to bring our existing arrangement into line with our obligations to the International Monetary Fund. Mr. Manu Subedar seems to be rather apprehensive that a very short section has been made to serve a very important purpose. I may assure him that the drafting has been done after very careful thinking and he will see that we have really taken care to bring in all aspects of the matter by referring to our obligations to the International Monetary Fund and by laying on the Reserve Bank the obligation to buy and sell foreign exchange.

**The Honourable Mr. Liaquat Ali Khan:** Sir, there is not very much that I have to add to what has already been said by the Joint Secretary. There were one or two points that were raised during the course of the debate. My Honourable friend Mr. Manu Subedar wanted to know if this Government was being dictated to by some authority outside India with regard to fiscal matters. I can assure him and the other Honourable Members of this House that since I have taken over not even the remotest attempt has been made by His Majesty's Government to interfere with our fiscal matters. We are absolutely free. We have been absolutely free to do whatever we like and there is no interference of any kind, not even any attempt at any interference by His Majesty's Government with regard to this matter.

The other point which was raised by Mr. Manu Subedar was that he wanted to know as to what were the conditions that we had thought of in regard to this Bill and he suggested to me that I should invite public opinion to make suggestions in this connection. I always welcome any suggestion that may come from any quarter and I would welcome any proposal that any Honourable Member may choose to send me in this connection. I can assure my Honourable friend Mr. Subedar and my Honourable friend Mr. Avvargar that all that they have said will be taken notice of and will not just be treated as hot air.

Sir, there was one point which was mentioned by my Honourable friend Mr. Subedar. He said that people were holding gold and silver because they had no confidence in the currency of the country. I do not agree with that proposition. As a matter of fact my Honourable friend contradicted himself later on when he stated that in this country the habit of holding gold and silver

is a very old one. I do not believe for a moment that the desire on the part of the people of this country to hold these two metals is due to their lack of confidence in the currency of the country. There are, as my Honourable friend Mr. Subedar himself suggested, other considerations also and I think, Sir, if I may make bold to say so the chief consideration is the political unrest in the country and the uncertainty about the future of this country which depends to my mind on the constitutional makeup of India. Therefore I cannot agree with my friend Mr. Manu Subedar that this trend of holding gold and silver which we notice today is something new. It has always been there and if there is any extension in that it is due more to the uncertainty prevailing in the country with regard to the future conditions in India than to any lack of confidence in the currency of the country.

Sir, I am indeed very glad to know—as a matter of fact I was quite sure in mind when I introduced this Bill—that this measure will receive the general support of the Honourable Members of this House. I am glad that it has been welcomed by every section of this House.

**Mr. President:** The question is:

“That the Bill further to amend the Reserve Bank of India Act, 1934, (Second Amendment) be taken into consideration.”

The motion was adopted.

**Mr. President:** We will now take the Bill clause by clause.

The question is:

“That clause 2 stand part of the Bill.”

The motion was adopted.

Clause 2 was added to the Bill.

**Sri M. Ananthasayanam Ayyangar:** I wanted to ask one or two questions on clause 3. I would like to know from the Honourable Secretary why a period of ten years is fixed in clause 3 regarding securities. And in part (d) of this clause it is stated “the opening of an account with or the making of an agency agreement with, and the acting as agent or correspondent of, a bank incorporated in any country outside India”. I can understand the Reserve Bank acting for the principal currency authority of any country under the law for the time being in force in that country. But why should it act as an agent or correspondent of any Bank incorporated in any country outside India? I want some elucidation on these two points.

**Mr. K. G. Ambegaokar:** In regard to the period of ten years for securities purchased I have already explained before in this House that it is necessary that the securities of the Reserve Bank should be as short dated as possible. It is one of the recognised principles of Central banking that whatever securities they hold should be short dated. Therefore a maximum period of ten years is always laid down. You will find in the existing Act also wherever there is provision for purchase of securities it is only upto ten years.

As regards the second point regarding foreign banks, the reason is that it may not be convenient in certain cases for the Reserve Bank to employ the central banks of the various foreign countries as their agent. It may be that in connection with the buying of foreign securities, for instance, they may wish to employ the services of one of the commercial banks rather than the central banking authority of the country, the commercial bank being in a better position than the central bank to fulfil this particular function. There are precedents for this. Even the Bank of England nominated a commercial bank in Canada and not the Central Bank in dealing with Canadian securities. The provision has been made for this purpose.

**Mr. President:** The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

**Mr. Tamisuddin Khan** (Dacca cum Mymensingh: Muhammadan Rural):  
Sir, as the central idea is the same I shall move my amendments Nos. 3 and 4 together.

I beg to move:

"That in clause 4 of the Bill, in the proposed section 40 of the Reserve Bank of India Act, 1934, the following be omitted, namely:

'having regard so far as rates of exchange are concerned to its obligations to the international Monetary Fund'; and

"that in clause 4 of the Bill, in the proposed section 40 of the Reserve Bank of India Act, 1934, after the words 'concerned to' in line 7, the words 'the interests of India and' be inserted."

Sir, this section deals with transactions in foreign exchange by the Reserve Bank. In respect of these transactions the Government of India will determine the rates of exchange at which these transactions can be held and also the conditions on which such transactions can be held. That is all right. But it is said further on, that the Government will determine the rates of exchange and the conditions, having regard to its obligations to the International Monetary Fund. I do not object to the substance of this. Now that India is a member of the International Monetary Fund in such transactions the Government of India cannot but have due regard to its obligations to the International Monetary Fund. That must be so. But why is it necessary to provide that in the Bill? When the Government of India will determine these things it will have to take into consideration various factors. Its obligations to the International Monetary Fund is only one of the factors. If we specify only one, that means that there is no necessity to consider other factors. That is where my suspicion arises. Therefore I say that these words "having regard so far as rates of exchange are concerned to its obligations to the International Monetary Fund" be omitted. I again repeat that I do not mean that these obligations should be disregarded. These obligations must be fulfilled by the Government of India, but other factors also will have to be taken into consideration. Therefore my proposal is that if these words are omitted it will be an improvement in the clause.

My second amendment is more or less an alternative to the first. If for any reason the first amendment is not acceptable I would propose by way of amendment my second amendment that after the words "concerned to" in line 7, the words "the interests of India and" be inserted. It will then stand like this:

"having regard so far as rates of exchange are concerned to the interests of India and its obligations to the International Monetary Fund."

I can foresee one argument against my amendment. That argument is this: is it conceivable that under present circumstances any Government of India will be oblivious to the interests of India? I quite appreciate the force of an argument like this but if an argument like this is advanced, I would say that neither is it conceivable that the present Government of India or any future Government of India will be oblivious of its obligations to the International Monetary Fund. Then why put that? If you put that in you rouse a suspicion in certain people's minds that probably that will be your only consideration. Therefore firstly I propose that the words "having regard to its obligations to the International Monetary Fund" be omitted. But it may be said that these words have been placed in the Bill and if those words are now omitted, suspicion may arise, if not in India but elsewhere, which may have undesirable repercussions. If that argument has any value, then

would say—let those words be there but also add to it that in determining these things you will consider not only India's obligations to the International Monetary Fund but also consider the interests of India. That is the only purpose of my amendment. Not that I have any suspicion against the present Government, but you know, Sir, that our past experience is very bitter in this respect. The disastrous financial policy of previous Governments resulted in great injury to India. That is well known. And while we legislate I think we should not look at the persons who are occupying the Treasury Benches at that particular time. Law should be impersonal. Therefore whoever may be there, the law should be such as may comprehend all possible circumstances. With these words I commend my amendments to the acceptance of the House.

**Mr. President:** Amendments moved:

"That in clause 4 of the Bill, in the proposed section 40 of the Reserve Bank of India Act, 1934, the following be omitted, namely:

'having regard so far as rates of exchange are concerned to its obligations to the International Monetary Fund';" and

"that in clause 4 of the Bill, in the proposed section 40 of the Reserve Bank of India Act, 1934, after the words 'concerned to', in line 7, the words 'the interests of India and' be inserted."

**The Honourable Mr. Liaquat Ali Khan:** Sir, the words which my Honourable friend wants to omit have really been inserted in order to make it clear that no arbitrary variations in the exchange rate will be made by the Central Government. That really was the object of inserting these words in this clause, although since we have accepted the membership of the International Monetary Fund it is quite clear that the Government will have to keep in view all the time its obligations as a member of the International Monetary Fund and it would not really make any difference in actual practice. I personally and the Government would really have no objection to the deletion of these words because I do feel that as long as you have any Government which has any regard for its obligations it will have to keep in view the obligation which has been imposed upon it as a member of the International Monetary Fund. But we have really put this in to reassure any interest or any class of people that the exchange will not be manipulated for political reasons, that the object which any Government will keep in view would be its obligation to the International Monetary Fund and that will be the determining factor of any Government's attitude with regard to this matter.

The other amendment which has been moved by my friend Mr. Tamizuddin Khan is that the interest of India should be kept in view. Sir, I do not believe for a moment that either at present or in future there would be any Government in this country which would not keep in view the interests of India and if you have any Government which would not keep in view the interest of India, well these words in your Act are not going to make any difference. Sir, we are very near achieving complete independence of this country. The date has been announced as June 1948. Of course anything might happen but as far as any human being can foresee there is no chance of India going backwards but there is every hope and determination of India going forward and what I feel is this—that in future you will have Governments or should have Governments which should have the interest of India at heart much more than even your present Government has and it is only then and then alone that this country would really be able to make that advance and that progress which it deserves. Therefore, Sir, as I said, with regard to the first amendment, if the Honourable Members of this House want all those words should be deleted I shall leave it to the vote of the non-official members of this House. I personally don't think that the retention of these words in the clause would do any harm to the interest of the country. On the contrary it would have a kind of reassuring effect on various countries and various interests. We are going through a changing phase and I think it is necessary that we should not create any doubt in the mind of any section either in this country or in any other country of the world that the Government of India would use these

[Mr. Liaquat Ali Khan.]

powers for any other purpose except for the fiscal purpose and the economic purpose for the advancement of this country and to fulfil its obligation as a member of the International Monetary Fund.

**Mr. Tamizuddin Khan:** In view of the Honourable Member's assurance I ask for leave to withdraw my amendments.

The amendments were by leave of the Assembly withdrawn.

**Mr. President:** The question is:

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Mr. Liaquat Ali Khan:** Sir, I beg to move:

"That the Bill be passed."

**Mr. President:** Motion moved:

"That the Bill be passed."

**Mr. Manu Subedar:** Sir, I won't like to detain the House for more than a few minutes. Wise words have fallen from the mouth of the Finance Member and we all endorse the feelings, the hope and the inspirations which he has expressed and in this he has really expressed all that we are ourselves feeling on this side. There is really no difference between the two, the Government and the House, in this case. And I am very happy to learn that the Government are alive to the issues which we have raised and that on other issues they will give full consideration. The point which I made to the Honourable the Joint Secretary was in reply to him and I do not agree with him that I did not put it explicitly. The point I have in my mind is how long is the exchange business of this country going to be in hands of non-Indian corporations. A hope was expressed—as a matter of fact, the majority report laid it down very clearly—that the Central Bank which will come into existence will undertake to do this exchange business. It was further laid down that the Imperial Bank should be converted into an Exchange Bank. I do not wish to go into all the various alternatives which have from time to time been suggested, but I do feel that this issue requires thinking out. I also feel that it is not enough for the Reserve Bank merely to give, buy or sell exchange to various bodies amongst whom the most important will be the Foreign Bank Corporation. I think it may be necessary for the Reserve Bank to help in the organisation of some corporation. I believe myself that the best thing would be to have a quasi-Government corporation for this purpose so that the exchange business could be done by that corporation as a specialised exchange business in connection with the giving, buying and selling of exchange with most of the other countries.

Now, Sir, with regard to the revaluation of the gold balances. Here, again, it is undoubtedly a question of opinion. I feel very honoured when the Honourable Joint Secretary does not agree with my opinion. I still hold my opinion and consider that that is the right thing. You may not have a large sum of money lying with the Reserve Bank against an inordinate amount of paper currency, which is outstanding, valued at the absurd pre-war rate of Rs. 21. Undoubtedly, it is your own reserve; it is a secret reserve. But this is purely an accounting point. The gold is where it is, only in the books and accounts of the Reserve Bank and it appears at an unnaturally low figure. Now, if you are accepting the parity given by the International Monetary Fund and therefore gold as a parity value in this country, it does seem absurd to

ignore that parity value which you have yourself accepted and proclaimed to the world that your rupee is .00 something of the gold ounce. If that is so and if you accept the gold parity in terms of your own currency, is there any sanity or probity with regard to keeping up a substantial mass of gold belonging to this country in the reserve of the country, not at this value but at some value which for some or other reason it was put at. If it is so valued at a higher figure, that is, at the parity figure, what is to be done with the amount? The one thing which I do not want and I am very glad the Honourable the Finance Member did not think of this particular source for meeting his deficit and turning out like the magician from his hat 40 crores of rupees and saying that 40 crores are here and it is finished. I am very glad he did not do so because this fund is not intended for this purpose but it is *par excellence* the reserve against the outstanding currency of the country. It should be the effort of Government—in fact, the last Finance Member announced that he would do his utmost—to reduce the price of gold in this country and bring it down to parity. Since that announcement a year has elapsed. That objective was not disputed on either side. It was accepted on all sides of the House, but that objective still remains. The public has still to learn what efforts Government are making in this direction. It was in this connection that another remark of mine was, I think, taken into somewhat different light by the Honourable the Finance Member. I said that the premium on gold does reflect to some extent lack of confidence in the currency of the country. Now, Sir, the position is that the premium on gold is due to many reasons. We need not go into very great minutia though I am capable of doing it. I am very conscious of all these factors and I have given many years of my thought to such topics. But even if we do not go into all the details and all the reasons which come to fix the value of gold in any particular country at any particular moment, we have to acknowledge that inflation, that is, excessive issue of notes, is undoubtedly one of the factors leading to this. If the inflation raises the price of other commodities, such as, wheat from Rs. 3/4 a maund before the war to Rs. 10 or Rs. 11 per maund now or rice from Rs. 2/8 a maund before the war to Rs. 11 to Rs. 16 now, if the price of these articles has gone up, will not any Member try to find out to what extent the price of gold has gone up? Relatively, it is the cheapest article in this country even at today's current prices. It has gone up from Rs. 36 a tola to Rs. 102 a tola. Therefore, the point to notice is that to some extent it is the reflex of the conditions in the country. If Government do anything at any time to turn the tide of inflation to bring down the prices, to bring them under control and to reduce them in order to reduce the misery which millions of people are feeling, then one of the most important steps would be to reduce and check the price of gold in this country. And this could not be done unless by the measures which I indicated a little while ago gold was brought to this country by the Reserve Bank and gradually below the market parity it was sold, so that progressively the Reserve Bank brought down the prices and in the process of bringing down it collected a substantial reserve which it would use as an exchange reserve for the future. This is the direction in which I recommend that the Honourable the Finance Member and his advisers should think in connection with the larger policy of combating inflation, preventing it from going up further and attempting to bring it down. The first and the most effective method of doing this is to tackle it at the centre, namely, the value of gold in this country.

Now, Sir, we have avoided speaking about the sterling balances. It may be that we have avoided it by common consent or by unspoken agreement. But as these two sections were the papa and the mama of the sterling balances and as it is the operation of these two sections which has created an inordinate problem for this country, it seems to me that, without asking the Finance Member to say things which he is not ready to say, we were glad to receive the other day his assurance that as soon as possible attempts will be



[Mr. Manu Subedar]

made to have final negotiations with regard to the return of the sterling balances by the United Kingdom. I hope, Sir, that that attempt will be made soon and that the delegation will stand as a solid rock and they will not be weakened by considerations extraneous to the interests of India and that at that time I hope the delegation will remember the words of my Honourable friend here who has expressed the belief and the belief which has been endorsed by Honourable Members of this House that this Government and anything connected with it will not be influenced by considerations other than the welfare of India at all times and in all circumstances. Sir, I support the motion.

**Sri M. Ananthasayanam Ayyangar:** Sir, the measure that we are passing today is consequential upon our entry into the International Monetary Fund. My Honourable friend's predecessor when he got the Bretton Woods Committee of this House appointed, he laid before that committee a statement that as soon as we entered into the International Monetary Fund and continue our membership by paying the first instalment, he would take steps to introduce a Bill amending section 40 and section 41 of the Reserve Bank Act. Therefore that has been done. Now, our membership of the International Monetary Fund has come to stay, we have paid the instalments, appointed Directors and Governors also. Now that the Bill will be passed, I want to know from the Honourable the Finance Member whether we will no longer be linked with sterling and whether we are bound to pay rupees for sterling. What steps will hereafter be taken to have backing for our currency? Will it be in sterling or any other backing? Or no backing at all? What is the view? I am yet to receive an answer. We must make the rupee currency as valuable as the dollar currency in America. That can be done only by industrialising our country and make other countries in the world covet our currency. This can be done only if rupee currency becomes really valuable. Mere backing in gold or other forms is not sufficient. The purchasing power of the country is the real backing for a currency. I am sure the Honourable the Finance Member would take steps to see that this country is industrialised and our currency really assumes an important role in the currencies of the world.

**The Honourable Mr. Liaquat Ali Khan:** There is only one question that I should like to reply to and this has been raised by my Honourable friend Mr. Ayyangar. At present we are holding sterling as backing for rupee notes. The whole question will be examined after the settlement of the sterling balances. At present I am afraid I cannot tell anything more than that. With regard to the other point that was raised in connection with sterling balances negotiations, I can assure my Honourable friend Mr. Manu Subedar that when I say, 'as soon as possible' it means as soon as possible, and if it is impossible, I cannot make it possible.

**Mr. President:** The question is.

"That the Bill be passed."

The motion was adopted.

### INDIAN TARIFF (AMENDMENT) BILL

**The Honourable Mr. I. I. Chundrigar** (Commerce Member): Sir, I move:

"That the Bill further to amend the Indian Tariff Act, 1934, and the Sugar Industry (Protection) Act 1932, be taken into consideration."

Sir, the House may be aware that protection was granted to some of the important industries of the country after a thorough enquiry by the Tariff Board and protective duties were continued from time to time by passing various Bills in the House extending those protective duties for two years,

and in some cases for shorter period. When the last Bill came before the House, for continuing protective duties in respect of certain industries, the cotton textile industry, the iron and steel industry, sugar, magnesium chloride, silver thread and wire, wood pulp, wheat and wheat flour and certain other articles, several Honourable Members of this House urged that Government should examine the question as to whether it was desirable or necessary to continue protection to them and the then Commerce Member gave an undertaking to the House that he will have the question examined before he came to the House again for continuing those duties. After I took charge of the Commerce Department. I found that no enquiry had been made into the matter and I therefore asked the Tariff Board to make an enquiry into the question as to how far protection given to these major industries should be continued hereafter. Reports were received and considered by Government and this Bill is brought before the House to give effect to the decisions of the Government in those cases. So far as iron and steel industry is concerned, Indian companies themselves agree that except in the case of a few selected items, it is not necessary to give any protection to them. Similarly about cotton textiles, it is found unnecessary to continue protection except in so far as certain special items such as art silk and cotton fabrics are concerned. About paper and wood pulp it has been found that it is not necessary to continue protection. It was however found that it was necessary to continue protection to sugar industry. These are the main items about which the question of continuance of protective duties was to be considered. The question of granting protection to certain new industries set up during the war was also referred to the Tariff Board and as Honourable Members will find from the Statement of Objects and Reasons Government have considered the report of the Tariff Board and they came to the conclusion that protection should be given to the 11 industries mentioned there with the exception just mentioned in the Bill. I hope the House will be unanimous in recommending protection to these new industries which are to be protected against powerful interests, and that the Bill will be passed in the form in which it is presented to the House. Sir, I move.

**Mr. President:** Motion moved:

"That the Bill further to amend the Indian Tariff Act, 1934, and the Sugar Industry (Protection) Act, 1932, be taken into consideration."

**Mr. Manu Subedar** (Indian Merchants' Chamber and Bureau: Indian Commerce): (Sir, as the Commerce Minister has explained the objectives there is nothing very controversial about this Bill. But there are two or three matters in which I should like all the same to raise a comment and to get explanations if the Honourable Member is in a position and ready to give such explanations today. I find that a difference is made in the levying of duty between goods of British origin and those of other than British origin. There is no doubt that this was the practice at one time in the past, but there does not seem to be any particular point in having these distinctions now because these were not distinctions which have been dictated by any careful thinking out. I do not think it was a mandate to the Tariff Board to think out whether a single tariff for all countries would or would not be good for this country. Sir, the House may remember that in recent times there have been difficulties even with regard to the taking up of negotiation of a commerce treaty between the U. S. A. and this country. The difficulty on the side of America was that so long as India is not in a position to give the most-favoured-nation treatment to the U. S. A. they were not willing to make such negotiations. In any case this part of our tariff policy requires very careful consideration. I do not say that we should abolish all this here and now and at once; I am not suggesting any violent action; but I am suggesting that there should be some kind of reciprocity and some definite basis. We should not give something to somebody where we are not receiving something; and in days when it is very difficult in certain matters to secure consumer goods, if they are available from outside the British

[Mr. Manu Subedar]

Area or outside the United Kingdom, is there any reason to penalise the import of those goods into this country by putting a differential and higher duty?

The other point I should like to mention is this. I am glad that protection of iron and steel and cloth has gone, but I am quite clear whether it has gone in the sense that imports of these articles are left free of duty now, or whether the duty which was called protective in the past is to be called revenue duty in the future. If it is merely a change of name then from the point of view of the consumers of these articles there is no material change; and I find it very difficult to reconcile myself to the suggestion that on the imports of paper a very heavy duty has been left and will continue under this Bill. Now, Sir, the theme which I wish to put forward and which I have once before adverted to in this House is that in order to bring down inflation and in order to make available to the people commodities which are scarce in this country and also scarce in the world, we may make for a year or two an experiment of suspending these import duties in order to see how much can come, and whether on arrival here the situation is not relieved. I do not have the slightest fear that established industry in this country will be penalised if the duties were for the time being suspended in many of these articles, for the simple reason that in very few cases goods can arrive in this country from abroad at a price cheaper than the price prevailing here, and in very few cases can any quantity arrivals be expected with any confidence. There is not much loose stuff of this kind in cloth, cement, paper; even in sugar, as far as I know, there is not much free stock in the world which can be dumped into India. And if that situation did arise, here is a wide-awake Government with the full confidence of the people behind them, and they will be able to adjust it in no time. Therefore while this Bill in its detail is one at which nobody will cavil, the recommendations of the Tariff Board have not satisfied all the people who went before them and who appear in this list on the recommendations of that Board. That Board was also human; it had much to do under a rush in a short time. And though the formula entrusted to it was a little more liberal than the one on which the previous Tariff Board had to work, even then the formula entrusted to it was in some cases so unsatisfactory and so strict that many industries could not make out a case exactly as it was wanted. For instance, they were asking industries whether after two or three years they would be in a position to compete with imports from the world. Who can say whether any industry in this country will be able to compete with imports from the world in the next two or three years? It all depends on the state of inflation, on the state of prices, on the various measures that Government may take in order to bring down this inflation; and generally it depends on very many circumstances which are certainly outside the knowledge of the poor manufacturer who is not in a position to adduce evidence of this type which I believe the Tariff Board was insisting upon. And if they were insisting upon it in that manner and in that tenor I say it was wrong. That was not the spirit in which this House asked for protection being given to these people and inquiries to be made into the affairs of these industries.

Then, Sir, I mentioned the other day that there is something peculiar in the economy of this country that not only articles manufactured in the factories but the products of the field also require protection. And if we give protection to agriculture and to industry against whom is this protection? Who is the Party on whom the burden of this protection falls? As I said, there is something topsy-turvy in the economic conditions of our country. Wheat is now selling at Rs. 11 as against Rs. 8/4/- before the war. This agricultural product is now selling at that high price and there is shortage of it. Also enormous quantities have been imported from other countries at still higher prices. In other words, there is no loose stock in the world of wheat which will be dumped into this country and dumped to such an extent that the wheat of the future will be penalised. Then why should we be putting this duty on it? I do not

know whether Government have done some serious thinking in this direction. Why should wheat and wheat flour be subject to the duties which are put down in this Bill? What inquiries have taken place so that the duty has to be renewed? Today in this country rationing is going on; people are being given only 1150 or 1200 calories as against the 1500 which even the German population is getting. In these circumstances is it right, is it wise, is it justifiable to have this duty? (Interruption from Mr. Gadgil) My Honourable friend thinks I am arguing for industrial manufacture at the cost of the poor agriculturist,— who have just suggested that import duties on certain articles of very great use to the consumers may be suspended for two years! I am accused of sponsoring industries at the cost of the poor people. Let the champions of the poor take care of the poor; meanwhile I say that on scientific grounds, on all grounds of sound finance on consideration of the consumers' interest duty on wheat and wheat flour does not seem to be apposite this year. On close examination I do see any justification for the continuance of duty. If there is any loose wheat or wheat flour, Government agents are already looking out for it.

We are moving heaven and earth and we are paying very heavy prices.

4. P. M. Under these circumstances, as a purely psychological factor I do not see what possible harm there would be if these particular duties were omitted.

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

**Sri M. Ananthasayanam Ayyangar** (Madras Ceded Districts and Chittoor: Non-Muhammadan Rural): The tariffs of a country may be so adjusted as to make or mar the industries of that country, or it is open to the Member in charge so to manipulate the tariffs as to increase the wealth of a particular country. Now, Sir, there are three kinds of duties which have come under review by this House under this Bill: Continuation of protection in the case of certain articles which have enjoyed protection for some time; imposing protective duties with regard to certain articles for the first time under this Bill; and removal of protection duties and imposition of revenue duties with respect to certain other articles. Now, Sir, with respect to the new articles for which protection is being afforded under this Bill, I would ask the Honourable Member if these matters have been taken into consideration. I am putting this question for the reason that in all cases where protection has been given—particularly the sugar industry which has been receiving protection for a number of years and which protection has been renewed from time to time—the industry has not placed itself on a sound basis, and still we find that in spite of the war and high prices the sugar industry requires protection against foreign competition when there is no foreign competition at all. Java, which has been producing as a single country the largest quantity of sugar in the world has not been in a position to import sugar to this country. Why on earth, when there is paucity of sugar in this country, we protect sugar? What have they done to the consumer in this country; they have not done well by the consumer, nor have they in spite of very heavy profits, improved the conditions of labour. But they have their own way; they neither cater to the convenience of the consumer, nor do they improve the standard of living of their labour. Therefore every one of these items requires great scrutiny before we pass this kind of legislation.

As matter of fact, it is not one Bill but it is a multitude of Bills that we have before us. On each one of these items the Tariff Board must have spent long hours and many days to consider whether with respect to a particular item it is necessary to continue protection, or not, whether for the first time protection ought to be afforded or not whether protection ought to be removed and revenue duty ought to be imposed. For each one of these I am sure the Tariff Board would have taken enormous evidence and they must have come to these conclusions. That is with respect to granting of protection regarding some of these industries. How long does he expect that these industries will take to stand up on their own legs? It is true we were under the impression that the Fiscal

[Sri M. Ananthasayanam Ayyangar]

Commission imposed these restrictions before protection was granted: The raw material should be freely available in this country; that skilled labour must also be available; that within a reasonable period of time on account of the protection the industry would stand on its own legs. These were the conditions before protection was allowed to be granted with respect to any one industry. I believe that those principles still hold good, and the Honourable Member has to satisfy us how far these industries for which he requires protection—protection means asking the consumer to pay more than what he has to pay if free trade is allowed in these commodities—how far will they succeed in standing on their own legs, what guarantees have they given, and what undertaking they have given to reduce the prices within a short time. He has also to see that when these industries are able to stand on their own legs on account of this protection that they do not exploit the consumer and put up their own prices. And may I know whether he would also see that the condition of labour is improved on account of the protection. These are the considerations which he has to place before him and on which he must satisfy this House before he comes up for affording protection.

I would say one or two words regarding the removal of protection with respect to some of the items which find a place on page 6 in the Statement of Objects and Reasons. I am referring to part (c)—namely to impose revenue duties on the following articles, *i.e.*, wheat, wheat flour.....and so on. My Honourable friend, Mr. Subedar, has said that wheat and wheat flour enjoyed protection at a time when there was foreign competition from Canada and Australia. As in Northern India wheat was suffering under foreign competition and had to be protected, we in Southern India had to protect rice from competition from Siam and Burma. Now that there is scarcity in these food commodities, it is necessary that protection ought to be removed. I believe it is on that ground that protective duties have been removed, but in their place revenue duties have been imposed. It is a question for consideration by the Honourable Member and for the House whether those revenue duties ought to be so high; until we are able to get sufficient quantities of these food materials, they need not stand on such a high level. They may be reduced.

Then, as regards wood pulp and paper, on which revenue duties are proposed to be imposed, I would like to know from the Honourable Member how far we are self-sufficient in these commodities. Also whether these industries are in a position to stand on their own legs if they are able to supply all the necessary paper that we want and whether in a short time this industry would not be washed out of its feet by foreign competition?

**Sjt. N. V. Gadgil** (Bombay Central Division: Non-Muhammadan Rural): I do not want to take up much time of the House, but I am often surprised when people welcome protection so far as industries are concerned, but when protection in a very minor degree is given to agricultural products they turn their noses. In fact it has been always a case of mental conflict for some of us to agree to a policy of protection when that protection means so much more for consumers to pay. But in the national interest we have always accepted this policy of protecting our industries. In fact, certain conditions have been laid down when this policy of discriminating protection was accepted. But once a protection, has always been a protection. If the textile industry is not able to stand on its own legs in spite of two wars, then it is no tribute to the efficiency and up-to-date character of those who run that industry. Even now we find although the word protection is gone, the word, 'revenue' is there. If the argument of my Honourable friend, Mr. Manu Subedar, is to be accepted, then today there is shortage of cloth why not remove this revenue duty also so that there will be plenty of supply from outside and not only scarcity will disappear but even prices will go down and the consumers will stand to gain. But we do not go to that length. We say all right we will suffer it for the time

being because in the larger and national interests of our country we are agreeable to this policy, but when that policy is accepted it must be applied with equity and fairness to all interests concerned.

Then, Sir, with regard to the point that was made by my Honourable friend, Mr. Ananthasayanam Ayyangar, I think that when an industry is given protection along with certain factors which are usually taken into consideration, one additional factor ought to be taken into consideration. In the protected industry the Government must secure fair conditions for labour. If that is not accepted, then that industry at least has no moral claim to have protection at the hands of the Government. I do not think that it is possible to have any such thing inserted in the present Bill. But certainly the Honourable the Commerce Member will appreciate the force of our criticism, because even in Government contracts there is a fair wage clause. Whosoever comes to the Government for help must in his turn accept certain obligations and when any industry comes to the Government for protection, certainly the Government is perfectly entitled to say, 'all right, you will get protection, but at the same time you must secure fair conditions for the labour you employ'. I hope, Sir, that this fact will be duly appreciated and remembered by the Honourable the Commerce Member.

The provisions in this Bill are practically the recommendations made by the Tariff Board. We have often pressed on the attention of the Government that instead of having an *ad hoc* Tariff Board there must be a permanent Tariff Board. We are living in unstable times. Therefore this body must be a permanent body, constantly to watch what effect the world affairs will have on our industry and from time to time they ought to advise the Government. Such machineries exist in many countries. Not only this, if I am to say that a further machinery was necessary in order to give immediate effect to the recommendations of the Tariff Board, that machinery was also made available last year and I may say it was at my instance that that Act was passed. As soon as the Tariff Board makes a recommendation and the Government accepts immediately the duties are brought into operation and the formal Bill is presented to the Legislature later on. These two things are absolutely necessary—a permanent Board and a machinery that will immediately put its recommendations into operation. The second is already there.

I do hope the Honourable Commerce Member will appreciate the necessity and utility of such a permanent Board and in due course he will bring the necessary legislation before this House.

**Sri R. Venkatasubba Reddiar** (South Arcot *cum* Chingleput, Non-Muhammadan Rural): Now that this Bill is before this House I would like to suggest to the Honourable the Commerce Member, instead of having a temporary Tariff Board as now, to make this a statutory Board. Our country has to expand its industry and become fully industrialized. A Tariff Board of a permanent nature which is created by statute, gives powers to go into every question of the protection and the industrialists records and to come to some conclusion where necessary. The Honourable Member for Commerce will I hope agree with me that a Board of this nature is absolutely necessary.

So far as some of these industries are concerned, my Honourable friend, Mr. Ayyangar took the case of sugar. I am sorry he has misunderstood the position. I do not know how he came upon the sugar industry. It is true the sugar industry has not expanded and what is produced in this country is not sufficient. What is the reason? It is not the imposition of the protective duty or its extension. During the war the Government was purchasing a lot of sugar for the needs of the troops. When every other article went up in price 400 to 500 per cent., this was maintained at a very low level. During the duration of the war, the price of sugar was a little less than 200 per cent. of what it was before the war. Now after the war is over, the price of sugar has been raised a little. Now in the sugar industry not only the factories but the growers of

[Sri R. Venkatasubba Reddiar]

sugar cane come into the picture. Most of the factories have not been paying an adequate price to the growers of sugar cane. There was a hue and cry and wide agitation as a result of which the Government took up this question and fixed the price to be offered by the factories throughout India at different rates. Now the price of cane and sugar has been controlled and yet the position is that though there is a clamour for expansion of this industry, and though there are many people who would like to start new sugar factories and there are also people who have put in applications for issue of capital, Government has not encouraged the starting of new sugar factories. Last year a number of factories were allotted to be opened in different parts of the country. In Madras Province I learnt that nine new factories have been allotted but none of the factories has been started and I am told that it will take three years before those factories begin to work. There are still further demands for a number of factories, if the Government would only encourage them and give them the necessary permission and machinery to start new factories and expand this industry, I think the country should now be in a position to meet the demands of the country and there should be no need to import sugar from foreign countries. With this import duty I would request the Honourable Member to consider the question for further expansion of sugar factories in this country.

**Sreejot Rohini Kumar Chaudhuri** (Assam Valley: Non-Muhammadan): I am not an economist nor anything of that kind but the introduction of sugar in this debate has tempted me to say few words. When I heard of Mr. Manu Subedar in Assam I took him to be an ex-military officer. When I came here someone said he was an industrialist: some said he was a capitalist and others said that he was an eminent adviser and friend of Maharajas and Rajas. But today at least I have got to revise the opinion that I may have formed. He has once and for all spoken on behalf of the agriculturist and poor people of the villages when he has suggested that in order to make more sugar available to the poor people, the protection might be withdrawn. I entirely support him in that view. I am not very much concerned with the people of the town who may be suffering from want of sugar. They are well to do and they have plenty of sugar in their blood so they can do without sugar on the table. I am concerned with the villages. It is the policy of this Government and one which has been unblushingly given out that they do not care to distribute sugar among the villages: that they consider that mollasses is a good substitute for them. In the last budget session I asked a question on this—so far as distribution of sugar in villages was concerned—and I was told that the Government of India has purposely adopted the policy of not supplying adequate quantities of sugar in the villages because they could manage without it and they could manage with mollasses quite well. I want the Honourable Member to consider how it is possible for the poor sick patients in villages to depend on mollasses instead of sugar. What will the patients do in the villages during their illness. They do not get sugar during their illness. How are you going to rear your babies on milk without sugar. Milk has become scarce already but even so you cannot put a pinch of sugar in it. Are you going to rear your next generation in conditions like these? There might have been some justification during the war for this control. But even during the war people could get some sugar in the villages through the military people. They will sometimes throw a packet of sugar to the village children. But now after the war sugar has become more difficult to obtain in the villages. How long are you going to submit the people to these conditions? Is it for ever? Are you going to have protection when you find that the mills in India do not produce enough for our consumption? Would it not be better to withdraw the protection for a couple of years to see how things get on? When things become plentiful, only then that protection becomes essential. The comparison between sugar and textile goods does not hold good in my opinion. I do not think there is any country in the world today which is in a position to export cotton cloth to this country. But if it is possible

that we can get some sugar from Java, it will be better in the interests of the agricultural population of the villages that some sugar was allowed to come. What we suspect is happening is this: that the sugar factory owners are purposely keeping their production low, so that they may have more profit so that they may enjoy at the cost of the poor villagers. In these circumstances I would request the Honourable Commerce Member to re-consider the matter; when we are not getting sufficient quantity of sugar even for bare sustenance, would it not be possible to suspend protection for at least a couple of years?

**Babu Ram Narayan Singh** (Chota Nagpur Division: Non-Muhammadan). (The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 8th April, 1947. English translation given below.—*Ed. of D.*).

Mr. Deputy President, Sir, the present Government is said to be a popular Government but their policy is not yet known. As yet they seem to be walking in the old beaten path. Recently it was noised about that cloth will come from foreign countries. This caused a stir among capitalists and mill-owners. They began saying that foreign cloth was coming and the industry here would go to dogs. -Their noise, however, ended in a fiasco.

Sir, we know full well how these capitalists sucked the blood of the people during the Bengal Swadeshi Movement in 1905-08. It is an open secret. My friend Mr. Gadgil also knows it. It is rather difficult to describe how these capitalists are today sucking the blood of the people. The ways of the present popular government are inscrutable. They say that controls are necessary because the supply of articles is meagre. Look to the logic of these people. They say that the supply of the articles is much below the demand; hence controls; but at the same time they don't allow imports! What we have said is quite correct. If they do not agree, they are quite wrong. Control in simple language means corruption. Bribery and all sorts of vices are rampant in controls. I feel sorry to say that although Rajaji told us at the time of discussion on the budget that he would request his colleagues to lift control from all other articles except rice. We hear nothing about the lifting of controls, although our session is about to conclude. Now Mr. Chundrigar says that sugar industry should be protected. Sugar factories and sugar industry is mostly carried on in Bihar. We know and the whole country knows that there is no scarcity of labour nor of raw material. Labour is cheap there and sugarcane and raw material are in plenty—nay they are more than plenty and yet they talk of protection.

It is with great sadness and feelings of shame that I say that capitalists carry favour with the Government members and God knows what else they do that they bring them round and make them to extend protection to the industry. Sir, controls and protection cannot go hand in hand. It is a very bad thing. The Government members may say that they know politics and economics. May be they knew these things prior to their coming to government but here they lose all knowledge and learning. Whatever their Department says they do it. God knows where they lose their wisdom. They follow the dictates of their department as its true disciples. Protection should in no way be given. If they talk of protection when there is plenty of sugar, wheat and cloth in the country we can understand it and there will be some honesty in their demand. Otherwise it is a rotten and disgusting thing. We have grown tired of requesting but they give no ear to our requests. I appeal to the whole House not to pass such Bills because to pass them is sheer injustice and we commit sin instead of doing good to the country. Before talking of protection they must try to fill the country with sugar, food-grains and cloth. After these articles are plentiful in the country we shall quickly pass all the Bills in respect of protection. Till then I oppose the Bill.



**The Honourable Mr. I. I. Chundrigar:** Sir, excepting the last speaker, I think there was general support to the principle of this Bill. I will deal briefly with the points raised by the various members.

Mr. Manu Subedar first raised the question as to the preference given to goods of British origin over those of non-British origin, in other words the policy known as Imperial Preference. He raised the question as to whether there was reciprocity in matters of this kind. I expected him as a well known economist to know that just as we are giving preference to certain goods of British manufacture, the United Kingdom is also giving preference, so far as import duties are concerned, to several commodities exported from India.

**Mr. Manu Subedar:** Do the values tally? Do we not give greater in money?

**The Honourable Mr. I. I. Chundrigar:** Attempts were made to assess the advantages accruing to U.K. as well as to India as a result of the system of Imperial Preferences. But a question like this is very difficult to decide. Sometimes it happens that certain goods which may not find a market elsewhere find a market in a particular country and in cases of this type it is difficult to assess in money value the advantage gained. But the real reply to this question is this that the International Trade Conference is meeting at Geneva and, as he himself mentioned, the United States of America are raising the question of either the elimination or the reduction of Imperial Preferences. The Government of India also considered the question as to whether it would be in the interests of India either to maintain, modify or completely eliminate the system of Imperial Preference, and it was decided that we should await the result of the negotiations at Geneva and the entering into of any Agreements there which may affect Imperial Preference to some extent. Probably Mr. Manu Subedar is aware that the system to be followed at Geneva is going to be that any reduction in the protective duties or the revenue duties by one country would automatically reduce the difference between a preference duty and a general duty. To give a concrete instance, suppose there is a particular article the import duty in India on which is 30 per cent. and the preference duty on goods of U.K. origin is 15 per cent. Then the moment the general duty is reduced from 30 per cent. to 15 per cent. the preference will disappear and even goods of British origin will be liable to pay 15 per cent. duty. Assuming however that the duty is reduced from 30 per cent. to 20 per cent. and not 15 per cent. then the preference duty would remain at 15 per cent. and the general duty at 20 per cent., leaving a margin of only 5 per cent. for goods of British manufacture. After these negotiations are completed, the Government of India propose to examine whether the remaining preference duties, as they would remain after the completion of the negotiations at Geneva, would still be in favour of India, after taking into consideration any preferences which goods or commodities of Indian origin will enjoy in the United Kingdom. The question will, therefore, have to be considered after we know what the situation will be after the negotiations at Geneva are concluded.

Then he raised the question about the protection of the paper industry. As to paper, I mentioned at the time of my opening speech that a very large number of items of common use do not require any protection at all. The prices of those qualities of paper in India are not higher than those prevailing elsewhere. But there are certain types of paper and other paper manufacturers which are not produced in sufficient quantities in India and where our production is not sufficient for the purpose of meeting our complete requirements. It is only about those special items that some measure of protection will be given. So far as the others are concerned, no protection is to be given.

Mr. Subedar also raised the question as to whether Government should not adopt a policy of importing as much as possible by removing the duties on articles which are in very short supply in the country. I want Members to

realize that the real difficulty in securing larger supplies is not the import duties which we levy but the difficulty in procuring these articles which are in short supply all over the world. Even if we remove the duty, it will be impossible for us to import more than what we are able to do now. Irrespective of import duty, the Government of India are making efforts to import as much as they can of these articles in short supply and they are not able to do so—not on account of the price factor or the factor regarding the import duty but really on account of the world shortage.

**Mr. Manu Subedar:** May I know whether the Honourable the Commerce Member and the Honourable the Supply Member who is also by his side, have not failed to relax sufficiently the rules and give freedom to importers to have licences for the import of that type of building steel which many of them are ready to import and in respect of which impossible conditions have been made by the Supply Department that only consumers can import, whereas consumers are not familiar with the trade machinery and they do not know to whom to write and from whom to get it?

**The Honourable Mr. I. I. Chundrigar:** Mr. Subedar continues repeating the same point though it has been replied to both by the Industries Member and myself before. The point is if the price of the article in India is, say, Rs. 100 and we are going to get that article from foreign countries at, say, Rs. 150, the whole price structure of the indigenous production will be affected. Wherever it is possible to have a kind of pool arrangement—and Mr. Subedar is well aware of the introduction of that pool system regarding aluminium—Government is allowing the imports by that arrangement. I may inform Mr. Subedar that I have asked the Trade Commissioners in almost all the countries which are producing this kind of steel and other articles, to inform Government what are the quantities which will be available to us and what would be the minimum prices at which we can get them. As soon as their report is received we will consider what can be done in the matter.

Then he referred to the question about wheat and the question about sugar was raised by several members of this House. I may inform those members that it is generally overlooked by them during the discussion of this question that both wheat and sugar are rationed articles. The Government of India have been importing wheat at a price which is much higher than the indigenous price. The Government of India are subsidising these imports in order that wheat may be sold and in order that sugar may be sold at the prices fixed in India. The price of the imported article, both wheat and sugar, is much higher than the price at which it is being sold here. The difference in price is paid by the Government of India as a subsidy. That is why it is being sold even at the present price which is naturally much higher than the pre-war price. But the question is this. The import duty so far as wheat and wheat flour is concerned, even though it existed on paper, was removed by an executive order, because after all if the duty on wheat and wheat flour had been continued Government would have paid it as the importer and Government would have received it as the government of the country. So it was suspended by executive action. The same was the case with sugar. Sugar today is imported only by the Government. It is imported without any duty because it is government import. Even then Government have to subsidise it in order to make it available to the public at the indigenous price. Now, it was stated by Mr. Ram Narayan Singh that there is enough of labour in Bihar.....

**Sri V. Gangaraju** (East Godavari and West Godavari *cum* Kistna: Non-Muhammadian Rural): May I know why rice is not included in that?

**The Honourable Mr. I. I. Chundrigar:** Rice was not given protective duty before. Therefore it is not mentioned. The same is the position about rice.

Mr. Ram Narayan Singh said that there is enough labour in Bihar and enough sugarcane in Bihar and why is it that we are not able to produce more.

[Mr. I. I. Chundrigar]

sugar. There the difficulty is that our sugar mills are working to their maximum capacity and it is not possible for them to produce more sugar. During the war it was not possible to import any machinery for the sugar factories. In fact the report of the Tariff Board which is before me shows that out of 150 sugar factories in India nearly 90 of them are a unit which is smaller than any economic unit.

**Babu Ram Narayan Singh:** The report is that they do not produce sugar to the extent they can.

**The Honourable Mr. I. I. Chundrigar:** I will reply to that. 90 out of 150 sugar factories are not large enough to be an economic unit and they would require expansion as soon as they can get more machinery. In fact, there are sugar factories which would produce more sugar if they had sugarcane but the difficulty is either of transport or of the sugar content. We have got a research institution to which the Government is trying to give as much assistance as possible. The problem before us is that in India the sucrose content, that is how we call it, of the sugarcane is much smaller than the sucrose content of the sugarcane in Java. Secondly the per acre yield in India of sugarcane is much smaller than the yield in Java. These two factors place Java in a much superior position to the Indian sugar factories. Now, those factories in Java will naturally be able to produce cheaper sugar because the sugar content of the sugarcane is better and because the per acre yield of sugarcane is also much more than in India and it was therefore found necessary to give protection to the sugar industry. You can realise what would have been the position of India during the war had protection not been given to the sugar industry for all these years. We would have found ourselves in a very perilous position. Now, the idea is that we continue our protection to the sugar industry but there also as I say it would be protection merely in name for the moment when we are not in a position to import any sugar from outside. Reports have been received by Government that Java has certain hidden stocks of sugar. Government has also received reports that production of Java is now going up by leaps and bounds and we do not want our sugar industry to be caught unawares by dumping from that country. It is therefore that Government has by this Bill proposed to levy certain protective duties but today the position is that that is not going to throw any additional burden on the consumer because Government is importing sugar and suspending the duty by executive action but the moment Government finds that it is necessary to protect the sugar industry against competition from Java and the moment it is found that it is possible to allow private imports of sugar the duty may be reimposed by Government if it is found necessary. I will also mention to Honourable Members of this House that under the law as it stands whenever protection is given to an industry it is open to Government to vary the protective duty which is levied by executive action if circumstances require it and if it is found that the duty should be reduced or increased according to the circumstances of the case, Government will examine the case.

Mr. Ayyangar raised the question as to whether Government would also take certain guarantees from the industries before giving them protection—as to whether they will reduce their cost, as to whether they will be able to stand competition from foreign industries after some reasonable period of time and as to whether they will make the necessary facilities for labour available. Now, all these questions are gone into by the Tariff Board and the general policy so far as new industries are concerned has been that we don't give them protection as a rule for more than 3 years and the industry is told by the Tariff Board that it must go on reducing its cost of production in such a progressive way that normally after 3 years it should not stand in need of further protection. Of course, wherever there is a rule, there are exceptions and in the case of certain industries it may be necessary to continue the protection for a longer

period but normally three years is taken to be the period in ~~which~~ the industry should generally try to put its house in order so as to be able to meet competition from abroad.

Then Mr. Gadgil raised the question of the conflict between the interests of the agriculturists and the producers on the one hand and the industry on the other. No doubt it is true as mentioned by him and by another member of the House also that by giving protection to the industries we, are really increasing the cost to the consumer. That is also a matter which is always borne in mind but the idea underlying the policy of protection is that even though we may have to suffer inconvenience for a short while and even though we may have a higher price for a short while, if we can thereby place our industry on a sound footing we should endeavour to do so by giving a reasonable chance to our industry to establish itself in a reasonable period of time.

Then the suggestion was made that so many questions of granting protection to the various industries arise that we should have a permanent Tariff Board. I can assure the members that the question is now actually under the active consideration of Government and Government will announce their decision very shortly.

Various questions were raised as to whether sugar should be given to the willagers and not *gur*. That is a matter which does not come within the purview of the discussion at this stage but it would be considered by the departments concerned when this thing comes up later on.

Then a funny point was raised by Mr. Ram Narayan Singh that probably the owners of the factories would come and flatter members of the Government and try to get protection for the industries. I can assure him that none of the members of the sugar industries to which he was referring have seen me or any members of my department. They naturally came to place their case before the Tariff Board and Government have not been influenced by the flattery of any interest when bringing in legislation of this character. The legislation has been brought in because experience during the period of the war has proved that the policy of protecting what may be called the key or essential industries was a very wise one. So far as the other temporary industries are concerned, we do not propose to give them protection beyond a reasonable period of time. I hope the Members will now accept the Bill as it is and pass it.

**Dr. Zia Uddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, I just want to say a few words.....

**Mr. Deputy President:** The Honourable Member cannot speak now as the official Member has given his reply. The question is:

"That the Bill further to amend the Indian Tariff Act 1934, and the Sugar Industries (Protection) Act, 1932, be taken into consideration."

The motion was adopted.

**Sri M. Ananthasayanam Ayyangar:** Sir, I forgot to say one or two things which are very necessary and I would like to mention them now

**Mr. Deputy President:** There is no amendment to that effect

**Sri M. Ananthasayanam Ayyangar:** Sir, I want to speak on clause 2. As our cloth mills are not producing sufficient quantity of cloth which is necessary for the ordinary public, I want to make one or two suggestions. Fine cotton is being imported in large quantities from foreign countries and the textile mills are producing fine varieties of cloth. There are nearly 500 fine varieties of various cloths which are produced by our textile mills and for this purpose they are utilising short staple cotton. I would urge upon the Honourable Member to consider the suggestion of imposing a heavy duty upon fine cotton which is imported from foreign countries for some time. I am sure it can be taken

[Sri M. Ananthasayanam Ayyangar].  
 up by the Honourable Member immediately. He himself wants to impose revenue duties on the following articles, namely, wheat, wheat flour, wood pulp, and paper, cotton textiles and certain iron and steel manufacturers consequent on the withdrawal of protection from those articles. I now urge upon the Honourable Member to impose some heavy duty upon imported cotton so that the indigenous cotton may be used for the purpose in a larger measure by the textile mills and the shortage of cloth may be removed.

**Mr. Deputy President:** That is outside the scope of the Bill.

**Sri M. Ananthasayanam Ayyangar:** I might say that I press these points for the reason that they have not been mentioned before.

**The Honourable Mr. I. I. Chundrigar:** I think the Honourable Member has mixed up two things. Does he want the duty on fine cotton or on fine cotton cloth?

**Sri M. Ananthasayanam Ayyangar:** I want duty on fine cotton.

**The Honourable Mr. I. I. Chundrigar:** So far as the import duty on foreign cotton is concerned, there is already a duty of Rs. 100 per cwt. We have tried to put a high duty on this foreign cotton so that it may become costly to the Indian mills and they may be induced to use Indian cotton to a larger extent.

**Mr. Manu Subedar:** I support the high duty because the quantity of fine cotton is being increased in India. The suggestion of my Honourable friend is well worth examination for various indirect results which it will produce.

**The Honourable Mr. I. I. Chundrigar:** I have already said that there is a very high duty on this cotton.

The foreign cotton is imported in large quantities because, if I may say so, the finer cloth gives the mills a much better margin of profit than the coarser cloth and they cannot produce finer cloth without using this foreign cotton. The matter is under the consideration of the Government as to what should be done in the matter.

**Mr. Deputy President:** The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill

Clause 3 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Mr. I. I. Chundrigar:** Sir, I move:

"That the Bill be passed."

**Mr. Deputy President:** The question is:

"That the Bill be passed."

**Dr. Zia Uddin Ahmad:** Sir, I would like to say something about sugar which is included in the list given in the Bill which we are going to pass into law. This sugar industry, as my Honourable friend knows, has got a history of its own and I think the time has now arrived when we should not have this duty any longer especially due to the fact that we have got a great shortage of sugar in the country.

**Mr. Deputy President:** The Honourable Member did not listen to all these objections when they were made and to which a reply has already been given.

**Dr. Zia Uddin Ahmad:** I am objecting only to a particular item and I am confining my attention to that only.

**Mr. Deputy President:** This very point was raised by several Members and it was debated. The Honourable Member was not present in the House at that time. The point was replied at some length as to why this protective duty is necessary on sugar at present under the existing circumstances. All that has been very elaborately replied to.

**Dr. Zia Uddin Ahmad:** I am bringing out a new point which my Honourable friend has not probably mentioned to the House. Please hear me first. I had an opportunity last week to discuss this matter with the representatives who came from Java. They gave me to understand that they have got a very large stock of sugar ready to be exported to this country. Then, I also discussed with them the question of the price, which was approximately the same as before the war. So, we have now got the opportunity of purchasing sugar from Java, which will meet our requirements and remove the shortage of sugar that now exists. So, I submit that to have a very heavy duty of Rs. 9 per cwt. is really too much and we should not continue it for another year. Had there been no shortage of sugar in India, then it would have been a different matter. But at present I am not allowed to have more than half a chatak of sugar every day because it is admitted that there is a shortage of sugar. When you have got a chance of getting sugar at a very cheap price from outside, why do you pass a Bill and stop the import of sugar altogether on account of this heavy duty. Last year also this thing came before the House and I did not object to it because I thought it was a dead legislation as it was not possible last year to import sugar from Java. But this year it is possible to import sugar from Java. I am also the chairman of one of the panels of the Food Department connected with the manufacture of sweet. There we were given the figures about sugar and we were told that there was a shortage of sugar and manufacturers of chocolates and other sweets could not get raw materials. Sugar is a raw material for a large number of other industries which we are now developing in this country. Therefore, I see no reason why we should not take advantage of importing sugar at a cheaper rate. It will help to reduce the price of sugar in this country for ordinary consumers and it will also help the development of those industries where sugar is the raw material. This will not help to reduce the price level. Every Member of the Government when he gets up to speak strongly supports the reduction in price index, but his proposals take us in other directions. He speaks one thing but does something else which tend to raise the price level. I am not talking of the Commerce Member only. I challenge any one to mention the action taken by Government which tends to lower the price level. If you do not allow sugar to be imported the consumers suffer thereby. We ought to take all steps to help the consumers in the country by making sugar available to them at a reasonable price. The Ministers from Java came to this country in connection with the Asian conference. I advised to see the Honourable the Commerce Member and explain the position of sugar available in Java. But these people do not seem to have called on the Honourable the Commerce Member, and they did not lay before him all the facts which were in their possession. They told me clearly the amount of rice available in Java need for export and also the quantity of sugar 7,00,000 available for export from Java. With the certain prospect of large quantities of surplus available for import from Java the consumers in this country ought to be benefitted. Nothing has been done to reduce the price level. This would have enabled us to develop the subsidiary industry also. Now it is too late to alter the tariff.

**The Honourable Mr. I. I. Chundrigar:** I have already given a reply to all the points, but my Honourable friend Dr. Zia Uddin Ahmad was not here unfortunately to hear them. I have already told him that the duty on sugar has got no effect on price because Government have to subsidise sugar which they purchase from other parts of the world. The Food Department has been making attempts to purchase sugar from Java, Cuba and several other countries

[Mr. I. I. Chundrigar].

but without success. I shall be glad to avail myself of the information which Dr. Ziauddin Ahmad gave and pass it on to the Food Department so that they may get supplies from Java.

**Mr. Deputy President:** The question is.....

**Dr. Zia Uddin Ahmad:** But I have not yet finished my speech.

**Mr. Deputy President:** The Honourable Member sat down and it was only then that the Honourable the Commerce Member got up to speak. I thought he had finished his speech.

**Dr. Zia Uddin Ahmad:** No, I only sat down to get reply to my questions. I have still a lot to speak upon.

**Mr. Deputy President:** The Honourable Member suddenly stopped his speech and resumed his seat and the natural presumption is that he finished his speech. It was only afterwards that the Honourable the Commerce Member got up to reply and with the reply of the Government Member, the debate closes. It cannot be that the Honourable Member Dr. Zia Uddin Ahmad asked a question and sat down. Of course if the Honourable Member Dr. Ziauddin Ahmad had put a question and ascertained if the Government Member was willing to reply and if then sat down giving a way, it is quite different. Under the rules, with the reply of the Government Member the debate closes and I cannot alter the procedure for the sake of allowing Dr. Zia Uddin Ahmad to speak. I will now put the question.

The question is:

“That the Bill be passed.”

The motion was adopted.

---

The Assembly then adjourned till Eleven of the Clock on Wednesday the 9th April, 1947.