

10th April, 1947

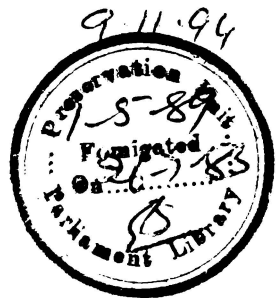
THE 50.  
LEGISLATIVE ASSEMBLY DEBATES  
Official Report

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Volume V, 1947

*(10th April, 1947 to 12th 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 V—10th April, 1947 to 12th April, 1947.

**THURSDAY, 10TH APRIL, 1947,—**

Member Sworn	3225
Starred Questions and Answers	3225—42
Unstarred Question and Answers	3242—43
Short Notice Questions and Answers	3244—48
Message from the Council of State	3248
Election to Standing Committee for Legislative Department	3248
Election to Standing Finance Committee	3248—49
Election of a Member to Standing Committee for Information and Broadcasting Department	3249
Election of a Member to Standing Committee for Commerce Department	3249
Election of a Member to Standing Committee for Food Department	3249
Draft Instrument of Amendment to the Constitution of the International Labour Organisation Adopted by the International Labour Conference—Laid on the table	3249
Election of a Member to Standing Committee for Labour Department	3249—50
Indian Coinage (Amendment) Bill—Passed	3256—76
Capital Issues (Continuance of Control) Bill—Discussion on the motion to consider not concluded	3274—88

**FRIDAY, 11TH APRIL, 1947,—**

Starred Questions and Answers	3285—3288
Unstarred Question and Answer	3323—24
Short Notice Question and Answer	3324—25
Motion for Adjournment, <i>re</i> Unsatisfactory Reply to Question <i>re</i> Strike of Workers and Marine Operatives of Calcutta Port—Disallowed	3326—27
Election of a Member to Standing Committee for Labour Department	3327
Hindu Code—Introduced	3327
Capital Issues (Continuance of Control) Bill—Passed as amended	3327—33
Resolution <i>re</i> Ratification of Peace Treaties with Italy, Roumania, Bulgaria, Hungary and Finland—Adopted	3334—39
Taxation on Income (Investigation Commission) Bill—Passed as amended	3339—63
Election of a Member to Governing Body of Indian Research Fund Association	3342
Railway Accommodation for Members of Legislative Assembly on termination of Budget Session	3342

**SATURDAY, 12TH APRIL, 1947,—**

Members Sworn	3365
Starred Questions and Answers	3375—78
Statements Laid on the Table	3378—89
Short Notice Questions and Answers	3390—94
Message from the Council of State	3394
Election of a Member to Governing Body of Indian Research Fund Association	3395
Dentists Bill—Introduced	3395
Antiquities (Export Control) Bill—Passed	3395—3403
Coal Mines Labour Welfare Fund Bill—Passed as amended	3403—23
Minimum Wages Bill—Referred to Select Committee	3423—24
Central Excises and Salt (Amendment) Bill—Referred to Select Committee	3424—29
Indian Army and the Indian Air Force (Amendment) Bill—Referred to Select Committee	3430—31
Statement of Business	3432
Negotiable Instruments (Amendment) Bill—Passed	3432
Indian Boilers (Amendment) Bill—Passed as amended	3433
Pantha Piploda Laws (Amendment) Bill—Passed as amended	3474—35
Indian Medical Council (Amendment) Bill—Passed as amended	3485—37

## CORRIGENDA

In the Legislative Assembly Debates, Budget Session, 1947,

### Volume I—

1. No. 1, dated the 3rd February, 1947,—

- (i) page 29, for the folio heading "STATEMENTS LAID ON THE TABLE" read "STARRED QUESTIONS AND ANSWERS";
- (ii) page 30, in heading to starred question No. 36 delete "AREA";
- (iii) page 44, for existing lines 22 and 23 (in italics), read "*Seth Yusuf Abdoola Haroon's Supplementaries to Sardar Mangal Singh's starred question No. 51, of 29th October, 1946.*";
- (iv) page 45, line four from bottom, for "FIRMAS" read "FIRMS";
- (v) page 52, in heading to statement in reply to question No. 518(a), for "LIST" read "LISTED"; and in heading to statement in reply to Question No. 520(a), for "IN" read "ON";
- (vi) page 54, in the statement in reply to Pandit Sri Krishna Dutt Paliwal's Starred Question No. 583, against (d), for the figures "21,338" read "23,944"; and under the heading "MOTIONS FOR ADJOURNMENT", interchange the second and the third lines of the observations made by Mr. President, for the first time;
- (vii) page 64, insert an asterisk (\*) at the end of line two under the heading "PAPERS LAID ON THE TABLE" and give a corresponding footnote, viz., "\*Not printed in these Debates. Copies placed in the Library of the House.—Ed. of D.".
- (viii) page 67, interchange the second and the third lines.

2. No. 3, dated the 6th February, 1947,—

- (i) page 169, in heading to starred question No. 67, for "COMMUN" read "COMMUNAL";
- (ii) page 224, in the footnote, for "614" read "628";

3. No. 4, dated the 7th February, 1947,—

- (i) page 243, in heading to starred question No. 110, insert "off" after "EMPLOYEES";
- (ii) page 257, line 19, insert "of" after "them";

4. No. 5, dated the 10th February, 1947,—

- (i) page 377, insert "EXERCISE" between "TEMPORARY" and "DUTY" in the folio heading;

5. No. 6, dated the 11th February, 1947,—

- (i) page 419, line one, for "AND" read "OF";
- (ii) page 420, under the heading "PAPERS LAID ON THE TABLE" insert an asterisk (\*) after "copy" and give a corresponding footnote viz., "\*Not printed in the Debates. Copies placed in the Library of the House.—Ed. of D.".
- (iii) page 450, line 25, for "explicitly" read "explicitly";

6. No. 7, dated the 12th February, 1947,—

- (i) page 514, line 14 from bottom, for "be" read "he";
- (ii) page 515, line 22, for "but" read "bus";
- (iii) page 521, line 22 from bottom, for "aerodromes" read "aeroplanes";

## 24. No. 3, dated the 12th March, 1947,—

- (i) page 1746, line five from bottom, for "game" read "same";
- (ii) page 1747, in heading to starred question No. 867, for "REPUTATION" read "DEPUTATION" and insert "IN" after "EMPLOYED";
- (iii) page 1769, in the statement in the column under "Result", in the first item add "Bus" after, "G.N.I.T.";
- (iv) page 1773, in the tabular statement, in column under "Results", against S. No. 45, in item 3, after "burning" read "of termi.";
- (v) page 1798, line 23, for "motions" read "motion";
- (vi) page 1807, delete line 19 from bottom;
- (vii) page 1820, line 13 from bottom, for "do" read "does";

## 25. No. 4, dated the 13th March, 1947,—

- (i) Pages 1825, and 1827, change the folio heading to read "STARRED QUESTIONS AND ANSWERS";
- (ii) page 1843, line 26, for "on seeds" read "oilseeds";
- (iii) page 1853, in heading to starred question Nos. 929, for "MOGHALPURAB" read "MOGHALPURA";
- (iv) page 1856, in the second statement, for last entry in fourth column read "5413";
- (v) page 1858, in the Editorial remark against the name of Chaudhri Sri Chaud, in the third line after "the" insert "13th March, 1947";
- (vi) page 1885, in line three of the speech of Mr. Manu Subedar under "DEMAND NO. 22-FINANCE DEPARTMENT" for "out" read "out";
- (vii) page 1888, line three, for "uptil" read "until" and in line 30, for "Charter" read "barter";
- (viii) page 1894, line seven, for "twi" read "two";
- (ix) page 1896, in the marginal space left blank insert "5 P. M.";

## 26. No. 5, dated the 14th March, 1947,—

- (i) page 1934, for "DEMAND NO. II-CABINET" read "DEMAND NO. II-CABINET";
- (ii) page 1943, line 15, delete "he";
- (iii) page 1950, line 20, insert "may" before "quote";
- (iv) page 1954, line 21, for "by" read "of";
- (v) page 1962, interchange the motions for demands printed under heads "DEMAND NO. 33-ADMINISTRATION OF JUSTICE" and "DEMAND NO. 34-JAILS AND CONVICT SETTLEMENTS";
- (vi) page 1964, under "DEMAND NO. 60—INDIAN DIARY DEPARTMENT", in line three, for "Miscellaneous Departments" read "Indian Dairy Department";

## 27. No. 6, dated the 17th March, 1947,—

- (i) page 1967, in the heading to starred question No. 889, for "INCOME TAX" read "INCOME";
- (ii) page 1992, in heading to starred question No. 992, add "MUSLIMS", in the beginning;
- (iii) page 2010, in last but one line, for "contaid" read "contains" and in the last line, for "ac" read "lac";
- (iv) page 2028, line 22 from bottom, for "explicity" read "explicitly";
- (v) page 2047, last but one line for "against" read "again";

## 28. No. 7, dated the 18th March, 1947,—

- (i) page 2083, line 12 from bottom, for "whose" read "those";
- (ii) page 2084, in the last line, against "Mr. K. L. Punjabi" read "Yes, Sir.";

29. No. 8, dated the 19th March, 1947,—

- (i) page 2132, line ten from bottom, *insert* a dagger mark (†) *before* the figure '1040';
- (ii) page 2136, line one, *for* "OCEDURE" *read* "PROCEDURE" and in line 17 from bottom *for* "†" *read* "‡" *before* the figure No. "1046";
- (iii) page 2164, last line, *for* "office" *read* "officer";
- (iv) page 2168, at the bottom, in the marginal blank space, *for* "P. M." *read* "3 P. M.";
- (v) page 2169, in line, nine from bottom, *after* "corrected" *change* the comma into a fullstop and in line eight from bottom, *for* "his" *read* "this";
- (vi) page 2185, line 3 from bottom; *for* "due the be combination" *read* "due to the combination";
- (vii) page 2186, line 22 from bottom, *for* "vouche" *read* "vouch";

30. No. 9, dated the 20th March, 1947,—

- (i) page 2231, *delete* the first five lines and *insert* in the next line, *after* Lala Deshbandhu Gupta (Delhi: General); the words "(The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 20th March, 1947. English translation given below.—Ed. of D. ";
- (ii) page 2239, in line 17 from bottom, *for* "clause (c)" *read* "clause (e)";
- (iii) page 2240, line nine from bottom, *for* "and" *read* "or";
- (iv) page 2245, line ten from bottom, *for* "in-" *read* "increases";

31. No. 10, dated the 21st March, 1947,—

- (i) page 2304, last line, *delete* "been";
- (ii) page 2328, *delete* the eighth line;
- (iii) page 2331, *change* the folio heading to *read* "CONTROL OF SHIPPING BILL";

32. No. 11, dated the 24th March, 1947,—

- (i) page 2355, line six from bottom, *for* "LAND" *read* "LAID";
- (ii) page 2376, line eight from bottom; *for* "the vast sub-continent" *read* "this vast sub-continent";

#### *In Volume IV—*

33. No. 1, dated the 25th March, 1947,—

- (i) page 2420, in the first line of answer to question No. 1176; *for* "Sir Borra" *read* "Sri Borra";
- (ii) page 2425, line six, *for* "ON" *read* "OF"; line seven *for* the figures "1139" *read* "1183"; and in heading to starred question No. 1185, *for* "Railway" *read* "RAIWALA";
- (iii) page 2434, line eight, *for* "soft" *read* "sort";
- (iv) page 2459, line six from bottom, *for* "pround" *read* "proud";
- (v) page 2460, line 19 from bottom, *for* "burldened" *read* "burdened";

34. No. 2, dated the 26th March, 1947,—

- (i) page 2484, line two, *insert* "has" *after* "mills";
- (ii) page 2487, in heading to starred question No. 1210, *for* "OFFICIALS" *read* "OFFICIALS"; and *for* "CENTRAL" *read* "COASTAL";
- (iii) page 2492, in heading to starred question No. 1217, *insert* "AND" *after* "IRON";
- (iv) page 2495, in heading to starred question No. 1225, *for* "CHANGE" *read* "CHARGE";

- (v) page 2503, in the folio heading, for "FOOD DEPARTMENT" read "INDUSTRIES AND SUPPLIES";
- (vi) page 2505, transpose the heading "ELECTION TO THE STANDING COMMITTEE FOR AGRICULTURE DEPARTMENT" above the line beginning with "Sir Pharoze Kharget";
- (vii) page 2515, line 30, for "Central" read "Centrally";
- (viii) page 2517, line 11, the figures at the end should be "200";
- (ix) page 2531, last but one line, for "Practically" read "Incidentally";
35. No. 4, dated the 28th March, 1947,—
- (i) page 2616, in heading to starred question No. 1243, for "IF" read "OF";
- (ii) page 2617, in the Honourable Maulana Abul Kalam Azad's reply in Urdu, in the first line, for "س" read "س";
- (iii) page 2624, in heading to starred question No. 1252, add "OF" after "RIOTERS";
- (iv) page 2630, in line 31, for "award" read "aware";
- (v) page 2631, in heading to starred question No. 1262, for "HEBVICE" read "SERVICE";
- (vi) page 2634, in the heading to starred question No. 1265, in the first line, add at the end "BE";
- (vii) page 2637, change the folio heading to read "MOTION FOR ADJOURNMENT";
- (viii) page 2652, line three, for "hable" read "liable";
36. No. 5, dated the 31st March, 1947,—
- (i) pages 2680 and 2681, delete "(a)" after headings "STATEMENT II" and "STATEMENT III" respectively;
- (ii) page 2687, in heading to starred question No. 1269, for "POLICY RAIL re ROAD" read "POLICY re RAIL-ROAD";
- (iii) page 2690, line 24, for "on by" read "only";
- (iv) page 2691, line nine, for "or" read "on";
- (v) page 2728, last but one line, in the beginning, insert "we do";
- (vi) page 2752, in the last but one line, after "necessary" insert "to";
- (vii) page 2754, line 13 from bottom, for "particular" read "particularly";
- (viii) page 2762, line 27 from bottom, insert "upon" after "live";
37. No. 6, dated the 1st April, 1947,—
- (i) page 2773, line one above the tabular statement, for "the" read "them";
- (ii) page 2792, in last but one line, for "wounder" read "wonder";
- (iii) page 2793, line 26, for "prospects" read "prospectus";
- (iv) page 2802, line four from bottom, before "business" insert "in";
- (v) page 2824, line 21, insert "have" after "fact we";
38. No. 7, dated the 2nd April, 1947,—
- Page 2863, in the folio heading, for "INDIAN PENAL CODE" read "INDIAN RAILWAYS";
39. No. 8, dated the 3rd April, 1947,—
- Page 2936, line three, for "who," read "why";
40. No. 9, dated the 7th April, 1947,—
- (i) page 2987, line three, for "intervieded" read "interviewed";
- (ii) page 3039, delete the fifth line from bottom;

41. No. 10, dated the 8th April, 1947,—

- (i) page 3051, in heading to starred question No. 1440, for "R.I.A." read "R.I.A.F.";
- (ii) page 3116, line twelve from bottom, for "The question is:" read "Mention moved:";

**In Volume V—**

42. No. 1, dated the 10th April, 1947,—

page 3249, *delete* the heading at the top.

43. No. 2, dated the 11th April, 1947,—

- (i) page 3294, line one, for "ENGINEERING" read "ENGINEERS";
- (ii) page 3305, line 20 from bottom, for the existing line, read "please state if the attention of Government has been drawn to a resolution by the".

44. No. 3, dated the 12th April, 1947,—

- (i) page 3388, line 19, for "ALLOTMENT OF COAL TO TOBACCO GROWING" read "ALLOTMENT OF COAL FOR TOBACCO CURING";
- (ii) page 3403, line twelve, for " " read " ".



# LEGISLATIVE ASSEMBLY

Thursday, 10th April, 1947.

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

## MEMBER SWORN:

Mr. Harry Greenfield, M.L.A. (Government of India: Nominated Official).

**Mr. Yusuf Abdoola Haroon** (Sind: Muhammadan Rural): On a point of order. The Assembly was scheduled to meet at 11 A.M. May I know whether it is in order to meet late and also if those members who are responsible for the delay should not be called to order.

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS

#### SELECTION OF MILITARY MEN FOR THE *Diplomatic* SERVICE.

**1522. \*Seth Govind Das:** Will the Honourable Member for External Affairs be pleased to state:

(a) whether it is a fact that 20 Military persons have already been selected for the proposed Diplomatic Service;

(b) if so, whether any advertisement was made in newspapers, inviting applications for such posts; and

(c) if the answer to part (b) above is in the negative, the reasons therefor?

**The Honourable Pandit Jawaharlal Nehru:** (a) Twelve Emergency Commissioned Officers have been selected for the Indian Foreign Service from those who had already been recommended by the Federal Public Service Commission for the Indian Civil Service.

(b) and (c). No advertisement was necessary as the selection was made from the limited list referred to in the answer to clause (a) above. For further recruitment from Emergency Commissioned Officers and the general public, advertisements have been issued by the Federal Public Service Commission. I would also refer the Honourable Member to my statement in answer to question No. 61 put by Honourable Professor Ranga on the 5th February 1947.

**Seth Govind Das:** May I know whether these twelve officers were selected before the present Government came into power or after that?

**The Honourable Pandit Jawaharlal Nehru:** They have been previously selected, I do not know the exact date, by the Federal Public Service Commission, for the Indian Civil Service. Out of this, certain numbers were recommended by the Federal Public Service Commission for the Foreign Service and they were subsequently interviewed departmentally about two or three months back.

**Seth Govind Das:** Are they all Indians, Sir?

**The Honourable Pandit Jawaharlal Nehru:** They are all Indians. All those who have been chosen are Indians.

**Mr. Yusuf Abdoola Haroon:** May I know whether it is proposed to make a change in the procedure in future?

**The Honourable Pandit Jawaharlal Nehru:** What procedure?

**Mr. Yusuf Abdoola Haroon:** Procedure in selecting these people?

**The Honourable Pandit Jawaharlal Nehru:** But they have been selected by the Public Service Commission after advertisement.

**Mr. Yusuf Abdoola Haroon:** I want to know whether they will be selected by the department in future or it will be done by the same procedure as has been followed before?

**The Honourable Pandit Jawaharlal Nehru:** The department has not selected the men. It is the Public Service Commission. That will be so in future too. There are two types of persons selected. In future they will go through a competitive examination—all of them. Meanwhile during the interim period, the Federal Public Service Commission chose them from those who had already passed some competitive examination in the past.

**Seth Govind Das:** Before they were chosen by the Public Service Commission, was the Department asked to make any recommendation or was the Department consulted afterwards?

**The Honourable Pandit Jawaharlal Nehru:** What happened was that the Federal Public Service Commission selected a certain number of men for the Indian Civil Service; then out of the lot so selected, a number were chosen, who according to the Federal Service Commission were peculiarly suited for the Foreign Service. They sent that selected number—it was about 20 or 25, I forget the number—to the department who then interviewed them and out of those 20 or 25, twelve were selected.

**Shri Sri Prakasa:** Has any I. N. A. men been selected?

**The Honourable Pandit Jawaharlal Nehru:** No, Sir.

**Shri Sri Prakasa:** Since the matter was last brought before the House, has the Honourable Member satisfied himself that the members of the Federal Public Service Commission are qualified to make the choice?

**The Honourable Pandit Jawaharlal Nehru:** It is always presumed that when a Public Service Commission is appointed, it is qualified to do its work.

**Seth Govind Das:** Is it not a fact that the Public Service Commission which is at present working was appointed before the present Government came into power and now as the present representative Government has come into power, will they see that the proper people are kept in this commission?

**The Honourable Pandit Jawaharlal Nehru:** That is a matter with which I have nothing to do. Possibly the Home Department is concerned with the Federal Public Service Commission. I am sorry to say that I do not know even the names of the members of the Federal Public Service Commission.

#### RETRENCHMENT AND RECRUITMENT OF RESETTLEMENT ADVICE OFFICERS.

1523. **\*Seth Govind Das:** Will the Honourable the Labour Member be pleased to state:

(a) how many Resettlement Advice Officers have been retrenched since the 1st April 1946 to date; and

(b) how many Resettlement Advice Officers have been recruited in place of those retrenched during the same period?

**The Honourable Shri Jagjivan Ram:** (a) While the sanctioned strength of the Resettlement Advice Officers is 115, one hundred and seven posts have been filled. Since the inception of this temporary service in 1946, sixteen Resettlement Advice Officers resigned to take up appointments elsewhere and one was discharged for unsatisfactory service.

(b) None. Vacancies arising from resignation have been filled by selection through a Departmental Selection Committee.

## COST OF FINANCING THE HYDRO-ELECTRIC PROJECTS IN THE PROVINCES.

**1524. \*Seth Govind Das:** Will the Secretary of the Works, Mines and Power Department please state:

- (a) the number of Hydro-electric Projects Government have decided to finance in the various Provinces of this country;
- (b) the names of the Projects and their approximate estimated cost;
- (c) whether the Provinces are going to contribute to the costs of the schemes, or whether the Centre has decided to meet all the expenses;
- (d) whether Government have entered into any contract with regard to their administration, revenue etc., with the respective Provinces, if so, on what terms; and
- (e) whether Government are undertaking any "Grid System" Hydro-Electric Projects in India; if so, their location, approximate cost and utility?

**Mr. B. K. Gokhale:** (a), (b) and (c). A reference is invited to the replies given to Assembly questions No. 1124 and 1125 by Mr. Manu Subedar on the 24th March 1947. A list of projects costing over Rs. 5 crores included in Provincial Development Plans which the Government of India have decided in principle to finance by giving loans to Provincial Governments, if so required, is laid on the table. In addition, three multi-purpose projects on the Damodar, Mahanadi and Kosi are being investigated by the Central Technical Power Board and the Central Waterways, Irrigation and Navigation Commission. The approximate cost of these projects will be in the neighbourhood of Rs. 55 crores each for the first two and Rs. 90 crores for the third project. No definite decisions have yet been reached with regard to their execution.

(d) No definite contracts have been entered into by the Government of India with regard to these projects. But the projects as a whole are considered from all points of view before the Government of India agree to give any loans or grants, as the case may be.

(e) The Government of India have not yet agreed to undertake the construction of any "Grid System" hydro-electric projects in India. The setting up of a "Grid System" is primarily a matter for Provincial and State Governments. But grid system involved in multi-purpose projects such as the Damodar might possibly be undertaken by the Government of India in agreement with Provincial Governments concerned.

*List of Projects*

Name of Province	Name of Scheme	Estimated approximate cost
		Rs.
Bengal . . . . .	1. Moor Reservoir Project . . . . .	5 crores.
Bombay . . . . .	2. Electric Grid Scheme . . . . .	8 crores.
Madras . . . . .	3. Ramapadasagar Project . . . . .	86 crores.
	4. Tungabhadra Project . . . . .	2½ crores.
	5. Naelkand Hydro-electric Scheme . . . . .	8 crores.
Orissa . . . . .	6. Thermal and Hydro-electric Grid . . . . .	10 crores.

Name of Province	Name of Scheme	Estimated approximate cost
		Rs.
Punjab . . . . .	7. Rasul Hydro-electric Tube-well Scheme and Sialkot-Gujranwala-Lyallpur-Rawalpindi-Transmission and Distribution Project.	7 crores.
	8. Nangal Power Project . . . . .	19 crores.
United Provinces . . . . .	9. Nayar Dum Project . . . . .	21 crores.
	10. Sarda Canal Hydro-electric Scheme . . . . .	6 to 9 crores.

**Seth Govind Das:** With reference to clause (d) will the Government see that before any contracts are given with respect to these projects, tenders are invited and no contracts are given without tender.

**Mr. B. K. Gokhale:** That is always done, as far as I know.

**Seth Govind Das:** Is the Government going to give only loans to the provinces or is there any possibility of giving them grants also?

**Mr. B. K. Gokhale:** That depends on each individual project, whether it will be wholly financed by loans or partly by loans and partly by grants.

**Mr. Manu Subedar:** Will the Honourable Member tell us under what circumstances grants are given and with regard to loans, may I know whether the effect of the remark of the Honourable the Finance Member that provinces will have to fall back on their own credit and this statement of policy of Government has not been taken into account by his Department?

**Mr. B. K. Gokhale:** As regards the financial policy of this Government, I think a question might be tabled for the Honourable the Finance Member. So far as we are concerned, each case has to be taken up with the Finance Department and we can only give a grant or withhold it as Government as a whole may decide. For the present the policy which we are pursuing is that for self-financing projects, that is for projects which may be expected to pay their own way in the long run, loans will generally be given. But there are certain projects of which a portion is self-financing and a portion is non-self-financing, that is a portion which deals for instance with flood control is not expected to pay its own way even in the long run. In such cases the Government of India generally consider the question of giving a grant.

**Mr. Manu Subedar:** Will the Honourable Secretary give this House some idea either now or by a Circular or Press Note as to the total amount of grants which have been given or are intended to be given from his Department for these purposes?

**Mr. B. K. Gokhale:** When the matter is finalised, of course, it will automatically come up before this House; but I will consider the desirability of issuing a Press Note also.

**Mr. Yusuf Abdoala Haroon:** In case the grants are made by the Central Government, may I ask whether the Government of India propose to keep any control over the work or supervise the work or the tenders for the contract when they are invited?

**Mr. B. K. Gokhale:** These points will be taken into consideration when making a grant. It will all depend on what conditions are attached to the grant.

**Sri M. Ananthasayanam Ayyangar:** May I know what return is expected from the three projects on the capital at charge?

**Mr. B. K. Gokhale:** Which three projects?

**Sri M. Ananthasayanam Ayyangar:** The three projects mentioned by the Honourable Member, namely, the Damodar, Mahanadi and Kosi projects.

**Mr. B. K. Gokhale:** The Damodar project has been investigated and the project report is ready. So far as Mahanadi and Kosi are concerned, no project reports are yet available. In the case of Damodar, the general policy which the Government have in view is to sell electricity and water as cheap as possible. That means not to make a profit but just to cover all the charges including interest. So far as the flood control is concerned, as I said, it is not likely to be self-financing and there the question to be considered will be how to cover the loss.

**Seth Govind Das:** With respect to Mahanadi and Kosi projects, is the matter still under investigation? If so, by what time does the Government expect that that investigation will be over and the reports will be ready?

**Mr. B. K. Gokhale:** In the case of Mahanadi, the Hirakud dam is almost nearing the stage where the project report may be expected within a month or so. The other two dams on the Mahanadi are under investigation and it will take several months or perhaps a year before we can produce a project report. For the Kosi also it is too early to say when the project report will be ready. It may take twelve months or possibly even more.

**Babu Ram Narayan Singh:** What is the present stage of the Damodar scheme?

**Mr. B. K. Gokhale:** The present stage is that a Conference has been called for the 26th of this month when the representatives of the Central Government, the Governments of Bihar and Bengal, the coal interests and others will, I hope, come to Delhi and finalise the arrangements.

#### INCREASE IN QUOTA OF PETROL FOR CIVILIAN CONSUMPTION.

1525. **\*Seth Govind Das:** (a) Will the Secretary of the Works, Mines and Power Department please lay on the table of the House a statement giving the following figures for the years 1945 and 1946: (i) the Civilian consumption of petrol in India, (ii) the production of petrol in India, (iii) the import of petrol to India from Burma and other countries, and (iv) the military requirements of petrol in India?

(b) Is it a fact that military requirements of petrol have been considerably reduced?

(c) If so, why has there been no corresponding increase in the quota for civilian consumption?

**Mr. B. K. Gokhale:** (a) A statement is placed on the table of the House giving in gallons monthly figures of imports, indigenous production and civil and military releases of petrol from January 1945 to December 1946. No imports have been received from Burma during this period.

(b) Yes.

(c) A large increase in the Civil quota was sanctioned with effect from the August—October 1946 quarter, the effect of which is reflected in the figures of civil consumption for September 1946 onwards.

*Statement showing Monthly Details of Imports, Indigenous Production, Civil and Military Releases of Petrol*

(Figures in Gallons)

Month	Import	Indigenous Production	Civil Releases	Military Releases
<i>January—December 1945</i>				
January .	26,933,110	2,599,230	5,664,000	8,853,614
February .	35,856,770	2,176,790	5,561,000	7,668,046
March	27,803,900	2,958,810	5,932,000	9,424,355
April	29,981,810	2,148,460	6,155,000	11,564,867
May	51,027,550	2,121,510	5,960,000	10,974,887
June	41,948,580	2,184,990	57,79,000	11,133,257
July	30,794,780	2,123,190	5,754,000	10,517,227
August .	37,578,200	2,584,960	5,771,000	7,276,155
September	21,170,830	1,912,080	5,420,000	12,401,917
October .	13,516,620	1,977,730	6,121,000	7,934,095
November	894,660	1,699,110	5,808,000	3,251,000
December	2,790,000	1,631,970	6,328,000	7,510,000
<b>TOTAL</b>	<b>320,276,810</b>	<b>25,418,830</b>	<b>70,303,000</b>	<b>108,509,420</b>
<i>January—December 1946</i>				
January .	8,658,519	1,757,700	6,105,000	7,679,000
February .	13,030,503	2,175,320	6,294,000	5,846,000
March .	12,034,850	1,705,224	6,883,000	5,762,000
April .	13,623,325	2,236,560	6,932,000	3,860,000
May . . . .	3,957,572	1,539,408	7,565,000	4,199,000
June . . . .	11,871,464	2,070,286	7,282,000	4,801,000
July . . . .	8,261,635	1,831,607	6,679,000	3,777,000
August . . .	13,378,559	1,551,399	6,637,000	2,755,000
September	8,954,617	1,823,789	7,216,000	2,135,000
October .	8,466,650	1,261,390	9,107,000	1,787,000
November	218,787	1,861,334	9,125,000	1,160,000
December	406,900	1,386,277	10,077,000	1,203,000
<b>TOTAL</b>	<b>102,863,381</b>	<b>21,200,294</b>	<b>89,902,000</b>	<b>44,961,000</b>

**Seth Govind Das:** With respect to clause (b) of the question, is the military consumption of petrol still much higher than the civilian consumption?

**Mr. B. K. Gokhale:** No, Sir. The military consumption in December 1946 was 1,203,000 gallons as against civil consumption of over 10 million gallons.

**Seth Govind Das:** Is it a fact that Russia is ready to export petrol to India if an effort is made in that direction?

**Mr. B. K. Gokhale:** I have no information. We have not received any imports from Russia.

**Mr. Ahmed E. H. Jaffer:** May I ask the Honourable Member whether he is aware of the reply given to my question by the Honourable the Transport Member about a fortnight ago when he stated on the floor of the House that the question of giving at a flat rate supplementary ration of a gallon per day to the Members of the House was under consideration? May I ask the Honourable Member what steps have Government taken since then to see that at a flat rate this supplementary ration of petrol is given to the Honourable Members of this House?

**Mr. B. K. Gokhale:** That question should properly be addressed to the Honourable the Transport Member.

**Seth Govind Das:** Is it a fact that before the war we used to get petrol from Russia and some other countries also? Under these circumstances, will the Government make further negotiations with Russia and Rumania and such other countries where the petrol may be available and make an effort to import that petrol to this country?

**Mr. B. K. Gokhale:** Every effort will be made to try and get as much petrol as possible from any source where it may be available. But it is not merely a question of availability; it is a question of finance and the question of foreign currency and exchange and also the question of transport within the country. So, there are many questions involved. It is not purely a question of the availability of petrol.

**Dr. Zia Uddin Ahmad:** In view of the fact that the war consumption of petrol has ceased, no source of supply has been dried up and the transport is certainly not so meagre now as it was during the war, why should there now be strict rationing of petrol?

**Mr. B. K. Gokhale:** That question may also be addressed to the Honourable the Transport Member who is in charge of petrol rationing. But, as far as I know, there are considerable difficulties of transport in India. Then, there are difficulties of storage. The unrestricted civilian consumption has now increased so enormously that it will be very difficult to have sufficient petrol for all the people if rationing is given up.

**Dr. Zia Uddin Ahmad:** All these difficulties were more acute during the war time than they are at present and therefore there cannot be an excuse for rationing the petrol.

**Shri Mohan Lal Saksena:** May I ask what steps are being taken to produce alcohol from molasses in this country?

**Mr. B. K. Gokhale:** That question might be addressed to the Department of Industries and Supplies.

#### COMMUNAL REPRESENTATION IN THE CENTRAL CYPHER BUREAU.

1526. \***Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable Member for External Affairs Department be pleased to state whether the Home Department orders regarding communal representation are followed in the case of the Central Cypher Bureau staff?

(b) Do Government propose to lay on the table of the House a statement regarding the staff of the Central Cypher Bureau showing the communal representation therein?

(c) What measures do Government propose to take to safeguard the interests of all those communities that are not adequately represented?

(d) Is it a fact that there are 8 posts of Cypher Assistants lying vacant? If so, do Government propose to give an assurance that these posts will be filled up, in the spirit of the Home Department rules, in order to balance the communal representation?

**The Honourable Pandit Jawaharlal Nehru:** (a) These directions are borne in mind and followed to the extent that is possible in this rather specialised department.

(b) A statement is laid on the Table.

(c) and (d). It is a fact that eight temporary posts of Cypher Assistants are still vacant. Of these it is proposed to offer six to existing Government servants trained in cypher work who happen to be available, but the remaining two and future vacancies will be filled so as to set right, so far as possible, the communal inequalities in the Central Cypher Bureau.

*Communal Representation of the staff of the Central Cypher Bureau*

Scheduled Castes	1
Muslims	7
Other Minorities	17
Unreserved	19
Non-Indians	2

46

**Mr. Ahmed E. H. Jaffer:** In view of the fact that there are only seven Muslims out of a total of 46 in this office, if my information is correct, may I know whether the Honourable Member is satisfied by giving those appointments to the Muslims? Will he not see that the quota of Muslims according to the Home Department resolution is properly maintained?

**The Honourable Pandit Jawaharlal Nehru:** It is not a question of my satisfaction. It is a highly trained work and not only trained work but it is a very specialised type of work. During the war a certain type of individuals was engaged, presumably for security reasons, which completely upset the communal ratio. We have now to deal with the aftermath of war conditions. They are all trained people and the Honourable Member is perfectly right in saying that the number of Musalmans in the Cypher Bureau is less than it should be. As a matter of fact, that is also the case in other Groups too. Some minority groups predominate over all others because during the war time they were considered to satisfy the demands of security more than others. They are there even now; they are trained and they are doing good work. We have to proceed a little slowly in bringing in more trained men so as to bring the communal ratio to the proper figure.

**Mr. Yusuf Abdoola Haroon:** May I know what steps are being taken to train the minority community for taking up these posts?

**The Honourable Pandit Jawaharlal Nehru:** I am afraid I do not know.

**Lala Deshbandhu Gupta:** Is the Honourable Member aware that the Sind Legislative Assembly has recently passed a resolution fixing the communal ratio in the services for Muslims and non-Muslims on the population basis and whether in view of the same Government of India also is considering the revision of the communal ratio in respect of its services?



**The Honourable Pandit Jawaharlal Nehru:** No, Sir, I do not know what the Sind Assembly has done. So far as I know the Government of India are not considering this question.

**Mr. Yusuf Abdoola Haroon:** Is the Honourable Member aware that the Muslims in Sind in the services do not come up to their population ratio?

**The Honourable Pandit Jawaharlal Nehru:** I cannot answer questions relating to Sind.

MANAGEMENT OF ALLIANZ UND STUTTGARTER LIFE INSURANCE BANK LIMITED BY  
MESSRS. FERGUSON AND COMPANY

**1527. \*Pundit Thakur Das Bhargava:** (a) Will the Honourable the Commerce Member please state whether it is a fact that the Allianz Und Stuttgarter Insurance Bank (German Insurance Company) was taken over by the Controller of Enemy Firms under the Defence of India Rules after the war started?

(b) Is it a fact that the management was sometime after entrusted to Messrs. Ferguson and Company?

(c) Who is managing the business of the said Company now?

(d) How do its affairs stand?

(e) Is it a fact that it has been working at a loss during the last several years and that no balance sheet has been sent to the policy-holders for a long time?

(f) What is the scheme of Government for the future management of the Company?

(g) Have Government ever considered the feasibility of handing the Company over to some Insurance Company on valuation or of winding it up and giving the policy-holders securities for the value of their policies?

(h) Are Government aware that there is discontent and uneasiness among the policy-holders as they feel their interests are not being properly safeguarded?

**The Honourable Mr. I. I. Chundrigar:** (a) On the outbreak of War all the property of the Allianz Und Stuttgarter Life Insurance Bank Limited vested in the Custodian of Enemy Property for British India.

(b) Yes.

(c) Messrs. A. F. Ferguson & Co.

(d) and (e). As a valuation made as at 30th September 1940 disclosed a considerable deficiency, a cut of 20 per cent. was imposed on all policies from June 1942. The expenses of the Company were also further reduced substantially by Government with the result that the valuation covering the period 1940-42 disclosed a considerable improvement in the position. This valuation however cannot be considered as final as among others the question of the effect of the withdrawal of the moratorium in respect of Burma policies has yet to be considered. I may add for the Honourable Member's information that policy-holders have been supplied with copies of accounts of the "Allianz" up to the year 1943 and that accounts for the years 1944 and 1945 will be supplied soon after the valuation has been finalised.

(f) and (g). The future of this Company is a matter which is at present engaging the attention of Government.

(h) Government have not received such complaints.

**Shri Sri Prakasa:** Does this company exist in its homeland and if so, will the Government of India hand over the affects of the company in India to them.

**The Honourable Mr. I. I. Chundrigar:** I am not aware of the existence of this company in Germany or as to the financial position of that company there. If the question was of handing over the assets of this company to the home company and if the home company is not in a position to pay its policy-holders, the result may be that Indian policy-holders may not get anything on their policies.

**Mr. Manu Subedar:** Have Government examined this question, whether this company should not be wound up and the monies distributed to Indian policy-holders whose claim is and must be regarded by Government as supreme?

**The Honourable Mr. I. I. Chundrigar:** That is one of the two alternatives Government are considering. The other alternative is that the assets of the company together with the policies may be handed over to another Indian insurance company.

**Shri Sri Prakasa:** Do the Government of India hold themselves responsible for payment to these policy-holders?

**The Honourable Mr. I. I. Chundrigar:** Only to the extent of the assets of the company and no more.

**Dr. Zia Uddin Ahmad:** In view of the fact that the Allianz Dresdane Bank was a very stable Bank in Germany, may I know whether this branch is still connected with the main Bank and if so, what are the assets of the Bank here?

**The Honourable Mr. I. I. Chundrigar:** Though the company is known as a Bank, it was conducting insurance business in India and not banking business.

#### PROMOTIONS AS ASSISTANTS-IN-CHARGE IN THE CENTRAL PUBLICATION BRANCH.

1528. **\*Mr. Madandhari Singh:** Will the Secretary of the Works, Mines and Power Department please state:

(a) the number of Assistants-in-Charge in the Central Publication Branch;

(b) the procedure for promotion to those posts; and

(c) whether it is a fact that junior persons and non-Matrices have been promoted over the heads of highly qualified seniors?

**Mr. B. K. Gokhale:** (a) No post with the designation of Assistant-in-Charge exists in the Central Publication Branch. The Honourable Member is presumably referring to Assistants doing supervisory duties. The number of such Assistants is 21.

(b) Promotion is made by seniority *cum* fitness *i.e.*, by seniority unless a person is considered unfit for the post.

(c) No. Sir. But some junior persons including one non-matric were promoted in 1946 over their seniors who were considered unfit for the Assistant's grade.

#### PROVISION OF QUARTERS FOR THE SUBORDINATE ENGINEERING SERVICE.

1529. **\*Mr. Madandhari Singh:** With reference to the answer given to starred question No. 725 asked on 4th March 1947, by Lala Deshbandhu Gupta, regarding the tenure of appointment of Executive Engineers, Sub-Divisional Officers and Overseers in the Central Public Works Department, will the Secretary of the Works, Mines and Power Department please state:

(a) whether it is a fact that there are unmarried, temporary unqualified overseers in the Central Public Works Department, and if so, whether Government propose to place a list on the table of the House giving their names and the reasons for subsequent postponement of transfers; and

(b) whether it is a fact that it is incumbent on the Central Government to provide quarters to members of the Subordinate Engineering Services at the station to which they are transferred and if so under what rule?

**Mr. B. K. Gokhale:** (a) Some of the temporary unqualified overseers are unmarried, but no complete list of such persons is available. As regards the last part of the question, the Honourable Member is referred to the reply to part (b) of Question No. 725, dated the 4th March 1947 by the Honourable Member, Lala Deshbandhu Gupta.

(b) The answer to the first part of the question is in the negative: the second part does not arise.

**Shri Sri Prakasa:** Is marriage a qualification for overseers?

**Mr. President:** The Honourable Member is obviously ignorant of the questions and answers on the previous occasion.

**REPLACEMENT OF TEMPORARY UNQUALIFIED OVERSEERS BY QUALIFIED PERSONS IN THE C. P. W. DEPARTMENT.**

**1530. \*Mr. Madandhari Singh:** (a) With reference to the answer to part (c) of starred question No. 428 asked on the 12th November 1946, regarding Sub-Divisional Officers in the Central Public Works Department, will the Secretary of the Works, Mines and Power Department please state the names of all temporary unqualified overseers, who are to be replaced by qualified persons out of the total number of 135, employed in New Delhi?

(b) Is it a fact that the members of the Work-Charged establishment, employed under the Central Public Works Department, have been brought on to the regular establishment and if so, do Government propose to place on the table of the House a statement showing the names of those who have completed 55 years of age?

**Mr. B. K. Gokhale:** (a) The attention of the Honourable Member is invited to the reply given to Starred Question No. 1235 asked by Mr. Hafiz M. Ghazánfarulla, on the 27th March 1947. As the matter is still under consideration, it is not possible to give the names of the temporary unqualified overseers who may have to be replaced by qualified persons.

(b) It has been decided that a certain percentage of the members of the work-charged establishment should be made permanent. The information asked for in the second part of the question is not readily available, and is being collected from the Divisional Offices.

**PORT TRUST EMPLOYEE'S STRIKE IN CALCUTTA.**

**1531. \*Sree Satyapriya Banerjee:** Will the Honourable the Labour Member be pleased to make a statement on:

(a) the Port Trust Employees' strike in Calcutta;

(b) the progress of the strike;

(c) the demands of the strikers, the number of strikers involved, and the steps taken or proposed to be taken to meet their demands;

(d) the causes for the failure on the part of the Chairman, Calcutta Port Trust, to implement the agreement arrived at on the intervention of Mr. S. C. Joshi, Labour Commissioner of the Government of India on 9th December 1946;

(e) the arrests made in connection with the strike;

(f) the failure of the negotiations to bring about a settlement of the strike and the reasons for the failure; and

(g) the effect of the strike on the import and export trade?

**The Honourable Shri Jagjivan Ram:** I lay on the table of the House a statement on the Port Trust Employees' strike at Calcutta.

*Stament on the strike of the Employees of the Port Commissioners, Calcutta.*

Since August 1946 there has been discontent amongst the employees of the Port Commissioners, Calcutta. Threats of strikes were given from time to time by one or the other of the two unions of the Port Commissioners' employees, both of which are recognized by the authorities. The Chief Labour Commissioner went to Calcutta four times with a view to bringing about a settlement between the parties.

2. The demands made by the Union included among others :—

(1) Absorption of retrenched hands and non-retrenchment;

(2) Payment of bonus amounting to three months' wages;

- (3) Payment of a dearness allowance of Rs. 50 or 30 per cent. whichever is more for inferior staff;
- (4) A minimum basic pay of Rs. 40 p. m. for workers and Rs. 80 for clerks;
- (5) Provision of housing for all employees;
- (6) Pending construction of houses, payment of a quarter allowance;
- (7) Abolition of the superior and inferior kinds of leave rules and applicability of the superior's leave rules to both classes of workmen;
- (8) Dearness allowance to be treated as part of the pay for purposes of calculating pensions; and
- (9) Privilege of railway passes to all employees;
- (10) Reduction of weekly hours of work to 44 and a maximum working day of 8 hours;
- (11) Every employee to be made permanent after six months' service;
- (12) Amendment of the Calcutta Port Act so as to allow a certain percentage of representatives of the employees to act as Port Commissioners;
- (13) Abolition of all forms of contract system;
- (14) Abolition of Welfare Department;
- (15) Increase in the number of cloth ration shops.

3. The Chairman of the Port Commissioners contended that they were not prepared to concede the demands relating to wages, dearness allowance, conveyance, pension and leave rules, as their employees were already enjoying better pay and service conditions than the employees of other undertakings in the area. In regard to the demand for bonus their contention was that all the temporary employees of the Port Trust had already been given one month's wages for every year of service which compensated them for the provident fund facilities which they did not enjoy during the war period and that this amount was to be paid not only to the temporary employees who were to be retrenched, but also to those who are to be retained and absorbed in the permanent vacancies.

4. While efforts for settlement were in progress, in November 1946 more than 500 workers were served with notices of discharge. This aggravated the situation and on 21st November 1946 a fresh notice of strike was served by the Unions. Through the intervention of the Chief Labour Commissioner a settlement was arrived at on the question of retrenchment. The terms of settlement are given in the annexure. The last term of settlement relates to the demands other than retrenchment, whereby it was agreed that the Commissioners shall commence negotiations as soon as possible with the Association on all the demands contained in the strike notice dated 21st November 1946.

5. The parties held several meetings and discussed the question of retrenchment. While the discussions on that point had not concluded, it is alleged by the Union that early in January 1947 further discussions were stopped and the Chairman started with the retrenchment programme and by his letter, dated 14th January 1947 rejected every one of the demands presented, without negotiations.

6. Feeling aggrieved by this, on 21st January 1947 strike notices were again served on the Chairman of the Port Trust. Five more new demands were included in the list of demands, viz., (1) Supply of uniforms (2) Re-starting of free ferry service for work shop staff, (3) Seniority to be the general principle for promotion, (4) setting up a Joint Board of Commissioners and Union to deal with cases of misconduct and dismissals, (5) consultation of the union before promulgating any new rule. While the strike was threatening, Government suggested to the Port Commissioners that they should grant their employees interim relief pending the publication of the Pay Commission's report, as had been done in the case of the Railways and P. & T. departments. The Commissioners did not accept this suggestion, contending that it would be better to wait for the publication of the report, and pointing out that in any case they had recently raised the minimum basic pay of their employees. The Commissioners said that they would re-examine the pays of their employees after publication of the Pay Commission's report and undertook to give retrospective effect from January the 1st to any increases decided upon.

7. On failing to secure an agreement between the parties, the Chief Labour Commissioner suggested adjudication to the parties. The representatives of the workers expressed their opposition to adjudication of the dispute and they stated that they would not take part in the adjudication proceedings.

8. The strike of employees of the Port Trust commenced on 5th February 1947—the day of the general strike declared by the Bengal Provincial Committee of the Trade Union

Congress. The strike is still continuing. The majority of the Calcutta Port Commissioners' employees are on strike. Out of a total of 18,000 men, about 16,500 are at present absent from work.

9. Immediately after the strike started, the offer to refer the matter for adjudication was reiterated to the representatives of the Unions. They, however, rejected it and adhered to their original view. The same offer was again made to the representatives of the Union when they had come to Delhi in the middle of March. This time they promised to place it before the Council of Action. By their telegram dated 21st March 1947, the representatives informed the Chief Labour Commissioner as under :—

“The Council of Action with workers' approval decides your proposals unacceptable. Strike to continue.”

10. The strike is still in progress. The latest position is that the Commissioners have informed their employees that they will be liable to dismissal at the end of April unless they have returned to work on April the 1st and remain working satisfactorily throughout the month. Further efforts were made to bring about a settlement and a meeting between the representatives of the Union and the Chairman of the Port Trust was arranged by the Regional Labour Commissioner, Calcutta, on 2nd April 1947. It is understood that no settlement was reached in that meeting also.

11. 22 Port employees have been arrested for assault. Numbers arrested on other charges are not known. A number of arrests have been made for rioting, etc., but all the men arrested were not port employees.

12. Work has been slowed down by the strike but the port has not closed down. Stevedore labour and the contractors' shore labour are now at work. During March, imports and exports together totalled 337,775 tons exclusive of petroleum; during the first part of the month the contractors' quay labourers were also on strike but have now returned. During the peak year 1945-46 the average monthly imports and exports excluding petroleum were about 800,000 tons. Some diversion of shipping to other ports has been effected.

13. Government propose, when the Pay Commission's report is published, to send it to the Port Trusts together with their views, in the light of decisions taken regarding Central Government employees, as to the broad principles that should be followed in dealing with the revision of pay and allowances of Port Trust employees. It will not, however, follow that all decisions of the Central Government affecting Central Government employees will automatically be applied to appropriate clauses of Port Trust, employees.

#### ANNEXURE

##### *Terms of Settlement of the Commissioners for Port of Calcutta*

1. It is agreed that all notices of retrenchment served on and after December 1st, 1946, and due to expire on December 15th, 1946, shall be extended up to December 22nd, 1946, by which date there should be complete full discussions between the Calcutta Port Commissioners and the Port Trust Employees' Association as to whether the staff involved can be absorbed or not. Full information regarding this staff shall be supplied to the Association by December 10th 1946.

The period from December 15th to December 22nd shall be treated in all cases as special leave with pay. All staff found to be capable of absorption by December 22nd will have their retrenchment notices cancelled. All found to be surplus will be retrenched from that date and each man will be paid one month's pay for every year of service, as decided—*vide* Resolution of Port Commissioners No. 790 of 1945.

2. No further notices of retrenchment shall be served by the Calcutta Port Commissioners until the following procedure is first adopted :

- (a) The Association shall be informed in detail of all cases of proposed retrenchment a reasonable interval before their reference to the Commissioners;
- (b) The Association shall, within five days of receipt of such information, submit, in writing, to the Calcutta Port Commissioners, its views thereon, together with its suggestions and proposals for absorption of the staff concerned;
- (c) Within five days of receipt of the Association's views, the Chairman, Calcutta Port Commissioners, shall meet the Association's representatives for discussion and recommendations to the Commissioners for final decision. Such meetings shall be held either at regular intervals or *ad hoc*;
- (d) All staff found surplus after such discussions shall be retrenched on payment of one month's pay for every year of service, as decided—*vide* Resolution of the Port Commissioners No. 790 of 1945.
- (e) A complete list of all retrenched staff shall be maintained by the Calcutta Port Commissioners, and all future vacancies, short service principle in any section shall be filled from this list as a matter of priority.

3. A joint enquiry will be held, as in the past, by the Calcutta Port Commissioners and representatives of the Association into the reasons for suspension of Umed Munshi, serang-in-charge, Takhtaghat, and transfer of Bazloo Molla, Bobarak, Jan Mohammed, and Lal Mia of the Mooring Masters' Section.

4. There shall be no victimisation of any staff for any form of connection with or participation in preparations for the strike of which notice was given.

5. The Calcutta Port Commissioners shall commence negotiations as soon as possible with the Association on all the demands contained in the strike notice dated 21st November 1946.

**Mr. N. M. Joshi:** If the statement is not a long one the House would like to know what it contains. This is very important.

**The Honourable Shri Jagjivan Ram:** It runs to five pages. It is a summary in itself.

**Shri Sri Prakasa:** What is the present strike situation?

**The Honourable Shri Jagjivan Ram:** The strike is going on at present.

**Shree Satyapriya Banerjee:** Is there any hope of settlement in the near future?

**The Honourable Shri Jagjivan Ram:** That depends upon the attitude of the strikers and their leaders.

**Mr. Yusuf Abdoola Haroon:** Are Government making any efforts towards settlement of the strike?

**The Honourable Shri Jagjivan Ram:** All the efforts which the Government have taken and are still taking are included in the statement.

**Mr. N. M. Joshi:** Is it a fact that the Chairman of the Port Trust is unwilling to take part in the adjudication which the Government of India propose to establish, and if he is unwilling to submit his case to adjudication, whether the Government of India will consider the desirability of removing the Chairman from his position?

**The Honourable Shri Jagjivan Ram:** The workers themselves have sent frantic telegrams to the Government refusing to co-operate with any adjudication in that matter. It is very difficult for Government to appoint adjudicator where the workers and the employers do not like that idea.

**Mr. N. M. Joshi:** Is it necessary under the present law that any party should be willing to submit to adjudication, and whether it is not within the power of Government to appoint an adjudicator and expect the parties to attend and whether the Government adjudicator will not have sufficient powers to enforce attendance of the parties during the proceedings of the adjudication?

**Mr. President:** The Honourable Member is asking for opinion on a legal question.

**Mr. N. M. Joshi:** If they have powers why do they not exercise those powers?

**Hony. Lt.-Commander Aftab Ali:** Is the Honourable Member aware that the Chairman of the Calcutta Port Commissioners did not honour the terms of the agreement arrived at between the Port Commissioners and the Calcutta Port Trust Employees' Association through the good offices of Mr. S. C. Joshi, Labour Commissioner to the Government of India?

**The Honourable Shri Jagjivan Ram:** All the information is contained in the statement that I laid on the table.

**Shri Sri Prakasa:** Is any public service in danger on account of the strike?

**The Honourable Shri Jagjivan Ram:** At present the department concerned is coping with the situation and so far we do not apprehend any serious danger.

**Mr. N. M. Joshi:** I rise to a point of order, Sir. We asked the Government to make a statement on the strike situation. Is it fair that the Honourable Member should prepare a long statement and lay it on the table of the House thus depriving Honourable Members of the opportunity of putting supplementary questions? He was not asked to publish a statement. He was asked to make a statement on the floor of the House.

**Mr. President:** I might point out a difficulty to the Honourable Member. I have disallowed supplementary questions on matters in which statements are required. Here the Honourable Member has laid a statement on the table of the House. Honourable Members can go through the statement and then put short notice questions. The House will be adjourning for Lunch after a short time. Instead of putting questions merely on surmises Honourable Members can study the statement laid on the table and then put short notice questions. Then there is another difficulty. Honourable Members are no doubt entitled to information but they have to be fair to the other questioners also so that the question hour is not taken up wholly by one question.

**Mr. Yusuf Abdoola Haroon:** How can you force the department to accept a short notice question? It depends entirely on the Honourable Member whether he will accept or not.

**Mr. President:** If there is a proper question put down, I believe the department will be anxious to give the information.

#### IMPROVEMENT OF WATERWAYS FOR NAVIGATION PURPOSES

**\*1532. Pandit Thakur Das Bhargava:** (a) Will the Secretary of the Works, Mines and Power Department please state whether Government have considered the question of improving the system of waterways for navigation purposes and arrived at any conclusions with a view to connect the interior of the country with the sea?

(b) If so, have Government issued any report respecting this matter and do Government propose to supply the report, if any, to the members of the Legislature?

(c) If any navigation route has been decided upon for further construction do Government propose to give a brief outline of the same and place on the library of the House any map or plan containing full details of such route?

(d) What steps do Government propose to take during the coming four years to develop and properly regulate the navigation system of the country?

(e) Have Government considered the effect of the schemes of irrigation and development of energy from rivers in the country on the general system or proposed system of navigation?

(f) What steps have Government taken to see that the multi-purpose use of rivers is co-ordinated and that provincial or regional schemes of irrigation, development of energy and other schemes implemented to avoid floods do not adversely affect the feasibility of evolving the general navigation system of the country?

(g) Is it the policy of Government that all such schemes of utility *e.g.*, Irrigation, Development of energy and Avoidance of floods will not be allowed to subserve Provincial and regional interests at the cost of the vital general interests of the country in the matter of development of the navigation system of the country?

**Mr. B. K. Gokhale:** (a) to (g). The Government of India constituted in April 1945 a Central Waterways, Irrigation and Navigation Commission with a view to secure planned utilisation of the water resources of the country as a whole and, in consultation with the Provincial and States Governments throughout the country, to co-ordinate and press forward schemes for the conservation, control and regulation of water and waterways. One of the functions of the Commission is to make all necessary investigations in regard to the control of water and waterways with a view to the development of navigational facilities.

The Central Waterways, Irrigation and Navigation Commission are now investigating a number of projects including the Mahanadi and Kosi Projects which might provide navigational facilities from the Orissa coast to the border of the Central Provinces and from Calcutta to the interior of Nepal. The Damodar Project also contemplates the possibility of a navigational canal from the Hoogly up to the Raniganj coalfields. All the schemes are, however, still under investigation and it is not possible to give full details of the schemes until they have been finalised.

Government have accepted the policy of multi-purpose development of rivers on a regional basis and every care is taken by the Central Waterways, Irrigation and Navigation Commission and the Central Technical Power Board to see that all aspects of development are given due weight. I may add that the Central Waterways, Irrigation and Navigation Commission is fully alive to the need for development of navigational facilities in India.

Under the existing constitution, however, water, that is to say, water-supply, irrigation and canals, drainage and embankments, water storage and water power and inland waterways and traffic thereon are provincial subjects, though shipping and navigation on inland waterways as regards mechanically propelled vessels, etc. falls under Entry 32 of the Concurrent Legislative List. The subject of electricity similarly falls in the Concurrent Legislative List. Executive authority is thus mainly vested in provinces and the Central Waterways, Irrigation and Navigation Commission, can only act as a central fact-finding, planning and co-ordinating organization.

**Khan Abdul Ghani Khan:** Is any part of this organisation working on North Indian rivers like those in the Punjab and the Frontier Province?

**Mr. B. K. Gokhale:** We are helping in investigations all over India including the Punjab. I am not sure about the Frontier province whether we have any scheme of investigation there at present; but I am quite certain that in the Punjab, the waterways Commission is helping with various investigations.

**Khan Abdul Ghani Khan:** Would Government care to initiate a scheme of investigation in the North-West Frontier?

**Mr. B. K. Gokhale:** The personnel is very limited, and it is no use our undertaking too many things at a time when we are not capable of dealing with those we have already in hand.

**Khan Abdul Ghani Khan:** Instead of the Mahanadi and Godavari why not take up the Ganges and the Indus?

**Mr. President:** Next question.

**ALLOTMENT OF CHAMMERIES FOR BACHELORS IN LODI COLONY TO MARRIED MEN.**

**1533. \*Pundit Thakur Das Bhargava:** (a) Will the Secretary of the Works, Mines and Power Department please state if it is a fact that a number of chummeries in the Lodi Colony primarily built for bachelors are being allotted to family people?

(b) Are those families required to share kitchens, bathrooms and latrines which are provided for sets of five chummeries?

(c) Do Government propose to arrange for separate kitchens bathrooms and latrines for each family?

(d) Is it a fact that allottees are charged rent at 10 per cent. of pay, which is the same basis on which rent is charged from other Government servants who are provided with quarters with two or three rooms, with exclusive bathrooms, latrines and kitchens?

(e) Is it a fact that bachelors living in these chummeries are also required to pay rent at 10 per cent. of pay, while they are given half the accommodation given to families in these chummeries?



(f) Is this accommodation treated as special accommodation and if so why have special rules not been framed for charging rent for this type of accommodation?

(g) Do Government propose to reduce the rent for these chummeries and refund all excess rent paid by the Government servants?

**Mr. B. K. Gokhale:** (a) Chummeries were built for single Officers. But as there were a number of married officers without accommodation and as chummeries in Lodhi Road were vacant such of the married officers who were willing to take them with their existing accommodation were allotted accommodation in chummeries on a temporary basis.

(b) Yes.

(c) A representation on this subject has been received and the matter is under consideration.

(d) Yes.

(e) Yes.

(f) Chummeries in Lodhi Road are treated as Special Accommodation. This generally means that there are special rules for allotment though not necessarily for rent which is governed by normal rules.

(g) The former question is under consideration. There is no proposal to consider any refund.

#### HOUSING OF INDUSTRIAL LABOUR BY THE USE OF PREFABRICATED STRUCTURES

**1534. \*Sri V. C. Vellingiri Gounder:** Will the Honourable the Labour Member be pleased to state what steps have been taken by Government for housing industrial labour by the use of prefabricated structures as in Great Britain?

**The Honourable Shri Jagjivan Ram:** Government have been exploring the possibility of making use of prefabricated houses for industrial labour. So far it has not been established that prefabricated houses would be a practical proposition. At an International Conference on housing and town planning which was held at Hastings in November last, the conclusion reached was that prefabricated houses were more expensive than brick-built houses and did not last as long.

In the United Kingdom prefabrication has been decided upon purely as a temporary expedient to assist housing authorities in meeting the immediate shortage of housing accommodation by speedy provision of temporary houses in large numbers.

#### NATIONAL DIVIDEND FOR INDIA

**1535. \*Seth Govind Das:** Will the Honourable the Commerce Member be pleased to state:

(a) what has been the National Dividend for India since 1935;

(b) why Government do not publish statistics concerning National Dividend regularly every year; and

(c) whether, in view of the pressing need for statistics, Government propose to give the National Dividend figures regularly?

**The Honourable Mr. I. I. Chundrigar:** (a) No official estimate is available. There has been a rough unofficial computation which puts the figure for British India at Rs. 34,23 crores for the financial year 1942-43.

(b) The computation of the National Dividend involves detailed calculations relating to the dividends declared by companies in India, and income from other sources, the necessary material for which is not readily available at present. Also a whole-time organisation is required to undertake the work and such an organisation is not in existence at the moment.

(c) Government are, however, aware of the importance of these statistics and they have now under their immediate consideration, proposals for the setting up of a Central Statistical Office, one of whose functions will be the preparation of annual statistics of National Income.

**Seth Govind Das:** Is it a fact that in the various departments of the Government of India the position in regard to statistics is not very satisfactory? Will Government see that matters are set right at an early date?

**The Honourable Mr. I. I. Chundrigar:** So far as this matter is concerned, nobody had directed that these statistics should be maintained and therefore we cannot blame the department for not maintaining statistics, which they were not directed to maintain.

**Seth Govind Das:** I said that with respect to other departments also the position is not satisfactory. Will Government set this right at an early date?

**Mr. President:** The Honourable Member cannot answer for other departments.

#### PROVISION OF GOVERNMENT ACCOMMODATION TO ALL MOVING TO SIMLA

1536. \***Sri A. K. Menon** (on behalf of **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 Secretary of the Works, Mines and Power Department 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?

**Mr. B. K. Gokhale:** (a) No Sir.

(b) Government took all the facts and circumstances into consideration before deciding on the move of certain offices from Delhi to Simla.

(c) Government have no power to requisition any accommodation. Steps are, however, being taken to try and obtain on lease as much accommodation as possible from private owners.

(d) No estimate of expenditure involved is available.

**Lala Deshbandhu Gupta:** Is the Honourable Member aware that in Simla district there is a place called Sabathu Cantonment where many Government buildings are lying vacant which were in use by the U. S. A. forces? Could not Government make use of these buildings for some Government office?

**Mr. B. K. Gokhale:** I am given to understand that nothing very much is available; but the question might properly be addressed to the Defence Department.

#### UNSTARRED QUESTION AND ANSWER

SENIORITY AND MERIT AS BASIS FOR PROMOTION IN CENTRAL P. W. D.

127. **Sree Satyapriya Banerjee:** Will the Secretary of the Works, Mines and Power Department be pleased to state:

(a) whether seniority and merit are the basis for promotion;

(b) the number of persons superseded in the appointment of the persons noted below :

- (1) Mr. C. Das Gupta, Sub-Divisional Officer.
- (2) Mr. K. C. Chopra, Sub-Divisional Officer.
- (3) Mr. K. C. Jain, Sub-Divisional Officer.
- (4) Mr. A. H. Sikh, Sub-Divisional Officer.
- (5) Mr. Sardar Mohd., Sub-Divisional Officer.
- (6) Mr. Joginder Pal, Sub-Divisional Officer.
- (7) Mr. Swami Dayal, Executive Engineer.
- (8) Rai Bahadur M. S. Mathur, Additional Chief Engineer, Central Public Works Department.
- (9) Mr. M. Rahaman, Executive Engineer.
- (10) Mr. Desh Raj, Executive Engineer.
- (11) Mr. N. Rama Rao, Executive Engineer.

(c) whether specific representations by the aggrieved persons have been placed before the Chief Engineers; if so, with what results; and

(d) whether seniority lists are being taken into consideration at the time of promotions?

**Mr. B. K. Gokhale:** (a) For promotion, both seniority and merit are taken into consideration. For promotion to selection posts, merit is the primary criterion; while, for promotion to other posts, the criterion is seniority, subject to fitness for the post in question.

(b), (c) and (d). Considerable difficulty has been experienced in compiling seniority lists during the last few years when abnormal conditions prevailed and the recruitment of Subordinates was being done separately by the Chief Engineers and also by the Superintending Engineers in their own Circles. The printing up of seniority lists was also held in abeyance. A tentative seniority list of Subordinates has now been prepared and sent to Superintending Engineers for proper scrutiny. Thereafter it is proposed to examine these lists by a Committee and then get the lists printed up.

On the basis of the tentative lists which have now been prepared, the number of persons superseded by the appointment of the persons noted in part (b) of the question is given in the list attached.

Representations received by the Chief Engineer from time to time do not seem to have been finally disposed of. Persons concerned were informed that the posts of S. D. O. were selection posts and that their cases would be considered in due course. It is now proposed to appoint a Committee to scrutinise the seniority lists and the claims of all persons, including those who have made representations. Government also propose to consider whether the posts claimed to be selection posts really deserve to be treated as such

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*Statement*

1. Mr. C. Dasgupta	S. D. O.	362
2. Mr. K. C. Chopra	"	63
3. Mr. K. C. Jain	"	64
4. Mr. A. H. Sheikh	"	None
5. Mr. Sardar Mohd.	"	67
6. Mr. Jogendra Pal	"	None.
7. Mr. Swamy Dyal	Executive Engineer	1.
8. R. B. M. S. Mathur	Additional Chief Engineer	None
9. Mr. M. Rehman	Executive Engineer	13
10. Mr. Des Raj	"	20
11. Mr. N. Rama Rao	"	4

## SHORT NOTICE QUESTIONS AND ANSWERS

### OBSTACLES BY BRITISH MANAGING AGENTS AND DIRECTORS IN WAY OF INDIAN SHAREHOLDERS PARTICIPATING IN MANAGEMENT OF COMPANIES

**Mr. Manu Subedar:** (a) Will the Honourable the Commerce Member please state how many cases have come to the notice of Government, in which obstacles by British Managing Agents and Directors are thrown in the way of participating in management by Indian shareholders, who hold the majority of the shares in the Company?

(b) Do Government propose to ask the Registrars of Companies to make a report on the subject and send them this information?

(c) Are there provisions in the Indian Companies Act, which could enable the wishes of the majority of shareholders to be frustrated?

(d) Have Government received a report from Mr. Tricumdas Dwarakdas of Bombay, to whom Government had entrusted the work of the revision of the Companies Act?

(e) Have Government examined the advisability of including in the forthcoming amendment of the Companies Act some provision which will render the thwarting of majority shareholders' wishes less easy than it appears to be now?

**The Honourable Mr. I. I. Chundrigar:** (a) and (b). The Registrars of Joint Stock Companies were asked to make a report on the subject. Replies so far received from 13 provinces show that only in Bombay one case has occurred in which a British firm of managing Agents refused to transfer 18,000 out of 28,000 shares in Colaba Land and Mill Co. Ltd. to Indian purchasers. The shares were ultimately transferred but the managing agents continue in office by virtue of their agreement with the Company.

(c) None, provided the wishes are not contrary to law and are expressed in the manner prescribed by law.

(d) Not yet.

(e) In view of the reply given to part (c) of the question, this does not arise.

**Mr. Manu Subedar:** May I know whether Government are aware or whether the report has been received from Calcutta amongst the reports received from the Provinces that a firm of the standing of Messrs. Andrew Yule and Co. is blocking an Indian majority shareholder by throwing out a Director elected by those shareholders under some provision of the articles by which all the Directors can combine to remove one Director if and when they like, and whether they have not been doing this for the last three years, and also whether in the case of Bengal Coal Company, the same firm—Andrew Yule & Co.—are not resorting to the same device in order to thwart the majority from holding the post of an Indian director?

**The Honourable Mr. I. I. Chundrigar:** Government are not aware of these facts, but Government will make enquiries in the matter and if the complaint is found to be well founded the question of preventing this by legislature will be considered when the Indian Companies Act will be amended.

**Mr. Manu Subedar:** In view of the fact that Indians are acquiring shares in many concerns in which British Directors and British Managing Agents are involved, and that such cases may increase in future, will Government, first of all, not get regular reports from all their Registrars of Companies and, secondly, will they not examine whether any issue of public policy is involved, and whether Government would like to do something in the matter.

**The Honourable Mr. I. I. Chundrigar:** As soon as I received notice of this Short Notice Question, telegrams were sent to the Registrars of Companies in all the 13 provinces and only one case has so far been reported by the Registrar of Joint Stock Companies. Further enquiries will be made and if it is necessary to issue any orders, they will be issued.

**Mr. Yusuf Abdoola Haroon:** In view of the serious allegation made by my Honourable friend, Mr. Manu Subedar, may I ask the Honourable the Commerce Member whether he will place a copy of the information which he receives in this connection on the table of the House?

**The Honourable Mr. I. I. Chundrigar:** I do not think the result of the enquiry will be known before the House adjourns.

**Mr. Yusuf Abdoola Haroon:** He may circulate this information to the Members of the House as has been done in the past in other cases.

BRIGADIER CARIAPPA'S STATEMENT *re* FUTURE ROLE OF INDIAN ARMY IN BRITISH COMMONWEALTH'S DEFENCE PLAN

**Sardar Surjit Singh Majithia:** (a) Will the Secretary of the Defence Department be pleased to state whether Government are aware that Brigadier Cariappa, the seniormost Indian Officer of the Indian Armed Forces has made a statement to a London correspondent of the *Hindustan Times* on the 2nd April 1947, which appeared in the Delhi edition of the said paper, dated the 3rd April 1947, regarding the exact part the Indian Army of the future would play in the British Commonwealth's defence plans?

(b) Will Government please state, if Brigadier Cariappa is authorised to make such a statement in his personal capacity or has he been allowed to do so by proper authorities?

(c) Has not Brigadier Cariappa contravened the Service Conduct Rules by making such a statement?

(d) If reply to part (c) above be in the affirmative, what action do Government intend to take against the said Officer?

(e) In view of the statement on Nationalisation of Indian Army, made by the Defence Member in the Council of State on Monday, the 31st March, 1947, do Government think that Brigadier Cariappa's statement is contrary to the policy of the Government of India?

**Mr. G. S. Bhalja:** (a) Government have seen the article in question.

(b) Brigadier Cariappa has explained that during his stay in the United Kingdom the Indian problems were every day topics of conversation between officers, British and Indian. All these discussions were carried on very informally. The London correspondent of the *Hindustan Times* called on him one day in the same manner as other gentlemen and he talked of the Indian problems generally. He said he wished to get a cross-section of views on these matters for his information. Brigadier Cariappa discussed the matter with him in the same manner as he had done with the others. At the time, he was not aware that what he had said would be published in the Press in the manner it has been.

(c) In the light of the explanation given, Brigadier Cariappa has not contravened the King's Regulations or the Regulations for the Army in India relating to the making of communications to the Press.

(d) In view of the answer to part (c), the question of taking action against him does not arise.

(e) The Interim Government's policy about nationalisation is indicated in the Honourable the Defence Member's speech made in the Council of State on the 31st March 1947. Brigadier Cariappa was not authorised to, and did not, make any statement of policy.

**Sardar Surjit Singh Majithia:** With reference to paragraph 547 (A) of the King's Regulations which governs the conduct of an officer or soldier in the Armed Forces, which says clearly:

"An officer or soldier is forbidden to publish in any form whatever or communicate, either directly or indirectly, to the press any military information, or his views on any military subject, without special authority."

In view of the fact that he has communicated to the press indirectly—it may not be directly—what action do Government consider necessary against this officer?

**Mr. G. S. Bhalja:** I explained, Sir, that this able and gallant officer did not publish any statement. He had a talk with the correspondent of the *Hindustan Times* in London. It was really a talk, not a statement of any kind which could come within the purview of the King's Regulation 547 (A) quoted by my Honourable friend.

**Captain Syed Abd Hussain:** May I ask the Honourable the Defence Secretary whether Brigadier Cariappa is allowed to give talks and to indulge in such discussions, and if so, on what authority?

**Mr. G. S. Bhalja:** The momentous announcement made by His Majesty's Government on the 20th of February was such that every Indian officer was bound to discuss it with his friends and others. There was no breach of any regulation in this case.

**Khan Mohammad Yamin Khan:** The Honourable the Defence Secretary has not given a reply to my Honourable friend Sardar Surjit Singh Majithia's question in which he quoted the King's Regulation. The regulation specifically says that no officer is permitted to express his views about military matters either directly or indirectly. Why has this officer infringed this rule, and what action do Government propose to take against him?

**Mr. G. S. Bhalja:** I have explained, Sir, that was not a statement made for publication in any way. It was an informal talk Brigadier Cariappa had with a gentleman who happened to be a correspondent of the press. He was having this sort of conversation with various people, both British and Indian, and these were all talks of an informal nature.

**Khan Mohammad Yamin Khan:** The point was that he could not express his views and he did express his views on military matters. He may not have asked  
12 NOON for publication but he had no business to express his views on military matters.

**Mr. G. S. Bhalja:** The point is that Brigadier Cariappa did not contravene any of the orders. The rule states an Officer or soldier is forbidden to publish in any form whatever—he did not publish anything—or communicate directly or indirectly to the press—he did not communicate anything to the Press.

**Mr. Manu Subedar:** In view of the fact that the gallant Brigadier was woefully behind the views of the National Government in this matter, and in view of the fact of the seriousness of such statements affecting Government's general reputation and policy, may I know whether the Defence Department will issue a circular to all their officers drawing their specific attention to this case and saying that Government disapprove this kind of publication of views and news?

**Mr. G. S. Bhalja:** The instructions on the subject are very clear, and Government will draw the attention of officers to them; I should, however, point out that Brigadier Cariappa has stated in his written explanation to Government that he did not intend to say anything which was contrary to the policy of Government.

**Mr. Manu Subedar:** Has not great harm been done already by publication of retrograde and unsatisfactory views of this kind and therefore, will not Government now take such steps in their power to undo the harm done by publishing in London and other papers the full text of Government's policy of full nationalization of the Indian Army which they have declared in this country.

**Mr. G. S. Bhalja:** Yes, Sir.

**Sardar Surjit Singh Majitha:** Referring again to the same para., the Defence Secretary has only read a part of it. I would take him a bit further. It says: ". . . . . either directly or indirectly to the press any military information or his views." I admit that he may be correct in saying that he has not given it to the press but he has definitely expressed his views to a press correspondent and therefore he has contravened this paragraph of the King's Regulations.

**Mr. President:** I think the matter will not end by entering into an argument.

**Mr. Muhammad Ismail Khan:** The statement made by the Defence Secretary that he did not furnish news does not imply that the Government called upon him to make some explanation of his statement to be an infringement of the rule referred to?

**Mr. G. S. Bhalja:** Yes, Sir. Otherwise I would not be in a position to reply.

**Mr. Muhammad Ismail Khan:** On the assumption that he had infringed the rule!

**Mr. President:** It was after this question was tabled that his explanation was called for. One position must be clarified. Does Brigadier Cariappa accept that the version published in the press was really what was given by him? The whole thing hinges on that.

**Mr. G. S. Bhalja:** I am afraid that question was not specifically put to him.

**Shri Sri Prakasa:** Did the able and gallant officer know that he was talking to newspaper men; and if so, did he not know that newspaper men are invariably in the habit of publishing what they hear?

**Captain Syed Abid Hussain:** Did not that officer know that he was being mentioned as the future Commander-in-Chief of the Indian Defence Forces and as such his views would have grave repercussions?

**Mr. President:** These are all matters for argument.

**Mohammad Amir Ahmad:** May I know whether he gave out this piece of information in the evening or in the morning?

**Shri Sri Prakasa:** As the Honourable Member for Defence is himself present, will he kindly enlighten the House as to whether he endorses all that his Secretary has said?

**Captain Syed Abid Hussain:** And whether he accepts the flimsy arguments of Brigadier Cariappa?

**Mr. President:** There seems to be a difference of opinion as regards the interpretation of a particular rule and also as regards certain statements that were made or not. The matter need not be pursued further in the form of questions otherwise it will be a debate. I do not propose to allow a debate.

**Mr. Yusuf Abdoola Haroon:** As this is a very important question and the Defence Member is present in the House, will not the Chair ask him to intervene and let the House know the position?

**Mr. President:** It is a matter for the Honourable the Defence Member. I do not propose to allow this to become a debate. His statement will be final and there will be no further questions.

**The Honourable Sardar Baldev Singh:** Generally, I am in agreement with what the Defence Secretary has said. As regards the policy of nationalization of the Government, it is not Brigadier Cariappa's statement or any other officer's statement which is accepted by Government. It is the policy of the Government and that policy has been made clear in the Council of State.

MUSLIM LEAGUE PROPAGANDA BY INDIAN TRADE DELEGATION TO MIDDLE EAST

**Seth Sukhdev:** Will the Honourable the Commerce Member be pleased to state:

[Seth Sukhdev].

(a) whether the attention of Government has been drawn to an interview given by the Leader of the Indian Trade Delegation to the Middle East and appearing in the *Bombay Samachar* of the 2nd April, 1947;

(b) whether Government are aware that members of this Trade Delegation are carrying on Muslim League propaganda in the Middle East, emphasising the differences between Hindus and Muslims in India; and

(c) if so, whether in view of these activities of the Delegation which are quite inconsistent with the pronounced objectives of the Delegation, Government propose to recall the Delegation immediately so as to stop their activities forthwith?

**The Honourable Mr. I. I. Chundrigar** (Commerce Member): (a) Yes.

(b) We have received no such information.

(c) Does not arise.

**Seth Govind Das:** Does the Government know that in the Middle East there is no such Hindu-Muslim feeling so far and the reports which have been received not only from the press but from individuals show that this delegation is making such propaganda? Will the Government make some enquiries and find out whether the news we have received from various sources are true or not?

**The Honourable Mr. I. I. Chundrigar:** The delegation is not making any propaganda so far as these matters are concerned. They are dealing with trade questions. If any members in their private intercourse or social intercourse give expression of their individual views, they are at liberty to do so.

**Seth Govind Das:** When people go in delegation, then whatever they express, even in private talks, is considered to be the views of the delegation and under these circumstances will the Commerce Member see that it is stopped?

**Mr. President:** Order, order. These are questions of opinion.

**Mr. Yusuf Abdoola Haroon:** Is the Honourable Member aware that a member of this delegation who happens to be a member of the Provincial Congress Committee has also given an interview giving his opinion over Indian subjects?

**Mr. President:** Under the same ruling as on the previous question, this is not in order. I think this matter was dealt with on the adjournment motion, sometime back. I shall not allow any further questions.

#### MESSAGE FROM THE COUNCIL OF STATE

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

"The Council of State at its meeting held on the 9th April, 1947, agreed without amendment to the Bill to impose a special tax on a certain class of income, which was passed by the Legislative Assembly at its meeting held on Tuesday, the 1st April, 1947."

#### ELECTION TO STANDING COMMITTEE FOR LEGISLATIVE DEPARTMENT

**Mr. President:** I have to inform the Assembly that the following five non-official members have been elected to serve on the Standing Committee for the Legislative Department for the financial year, 1947-48: (1) Sri R. Venkatasubba Reddiar, (2) Pandit Thakur Das Bhargava, (3) Sri M. Ananthasayanam Ayyangar, (4) Syed Ghulam Bhik Nairang, and Captain G. T. B. Harvey.

#### ELECTION TO STANDING FINANCE COMMITTEE

**Mr. President:** I have to inform the Assembly that the following fourteen non-official members have been elected to serve on the Standing Finance Committee for the financial year, 1947-48: (1) Mr. Manu Subedar, (2) Mr. G. W. Tyson, (3) Diwan Chaman Lall, (4) Sri T. V. Satakopachari, (5) Mr. P. B. Gole, (6) Mr. B. P. Jhunjhunwala, (7) Mr. N. V. Gadgil, (8) Mr. Vadilal Lallubhai,



## ELECTION OF A MEMBER TO STANDING COMMITTEE FOR LABOUR DEPARTMENT

(9) Rajah Bahadur of Khallikote, (10) Mr. Mohammad Ismail Khan, (11) Dr. J. C. Chatterjee, (12) Haji Abdus Sattar Haji Ishaq Seth, (13) Khwaja Nazimuddin, and (14) Dr. Zia Uddin Ahmad.

## ELECTION OF A MEMBER TO STANDING COMMITTEE FOR INFORMATION AND BROADCASTING DEPARTMENT.

**Mr. President:** I have to inform the Assembly that upto 4 p.m. on Wednesday, the 9th April, 1947, the time fixed for receiving nominations for a vacancy on the Standing Committee for the Department of Information and Broadcasting in place of Mr. Ananda Mohan Poddar, resigned, one nomination was received. I, therefore declare Sri R. Venkatasubba Reddiar to be elected to the Committee, the election of which is now complete.

## ELECTION OF A MEMBER TO STANDING COMMITTEE FOR COMMERCE DEPARTMENT.

**Mr. President:** I have to inform the Assembly that upto 4 p.m. on Wednesday, the 9th April, 1947, the time fixed for receiving nominations for a vacancy on the Standing Committee for the Department of Commerce in place of Khan Abdul Ghani Khan, resigned, one nomination was received. I, therefore declare Sri T. A. Ramalingam Chettiar to be elected to the Committee, the election of which is now complete.

## ELECTION OF A MEMBER TO STANDING COMMITTEE FOR FOOD DEPARTMENT.

**Mr. President:** I have to inform the Assembly that upto 4 p.m. on Wednesday, the 9th April, 1947, the time fixed for receiving nominations for a vacancy on the Standing Committee for the Department of Food in place of Lala Deshbandhu Gupta, resigned, one nomination was received. I, therefore declare Sri V. C. Vellingiri Gounder to be elected to the Committee, the election of which is now complete.

## DRAFT INSTRUMENT OF AMENDMENT TO THE CONSTITUTION OF THE INTERNATIONAL LABOUR ORGANISATION ADOPTED BY THE INTERNATIONAL LABOUR CONFERENCE—LAID ON THE TABLE.

**The Honourable Shri Jagjivan Ram (Labour Member):** Sir, I beg to lay on the table a copy of the \*Draft Instrument of amendment to the Constitution of the International Labour Organisation adopted at its 29th Session by the International Labour Conference held in September-October, 1946, together with a prefatory note prepared by the Department of Labour.

## ELECTION OF A MEMBER TO STANDING COMMITTEE FOR LABOUR DEPARTMENT.

**The Honourable Shri Jagjivan Ram (Labour Member):** Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, one non-official member to serve on the Standing Committee to advise on subjects with which the Department of Labour is concerned for the Financial year 1947-48, vice Pandit Balkrishna Sharma, M.L.A. resigned."

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, one non-official member to serve on the Standing Committee to advise on subjects with which the Department of Labour is concerned for the Financial year 1947-48, vice Pandit Balkrishna Sharma, M.L.A. resigned."

The motion was adopted.

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\*Not printed in these Debates. Copy placed in the Library of the House.—*Ed. of D.*

**Mr. President:** I have to inform Honourable Members that for the purpose of election by means of the single transferable vote of one member to the Standing Committee for the Department of Labour, the programme of dates will be as follows:—

1. Nominations to be filed in the Notice Office up to 4 P.M. today, the 10th April, 1947.

2. Election, if necessary, will be held on Friday, the 11th April in the Assistant Secretary's room in the Council House between the hours of 10-30 A.M. and 1 P.M.

#### INDIAN COINAGE (AMENDMENT) BILL—*contd.*

**Sri M. Ananthasayanam Ayyangar** (Madras Ceded Districts and Chittoor: Non-Muhammadian Rural): Sir, the Honourable the Finance Member, I thought, took the place of the Great Moghul. I was glad that our ancient glory was revived. But I am afraid that now I have to stretch my memory a little further back and compare him to that gentleman who was a little too premature in his time for he wanted to print notes on leather. His memory is still preserved for posterity in one of the streets or roads of New Delhi. I do not know if the Honourable the Finance Member is not a little too much in advance of his time. I am afraid he has dared to tread where many others have not had the courage to tread.

This proposal to have only rupee notes and to withdraw all silver rupees from circulation was made by the Hilton-Young Commission report as early as 1927. It was open to the then Government who appointed the Commission to withdraw all silver rupees from circulation. Silver rupees at that time were estimated to be to the tune of 415 crores. During the Great War rupee notes were printed and soon after the war rupee notes were withdrawn from circulation, because they were not much in favour with the public. The Honourable the Finance Member said that people have become accustomed to these notes. We have not yet got out of the war or the conditions created by it. The war ended too abruptly and people have not had the time to think whether the rupee note should be continued or not. The Honourable Member cannot judge about the popularity of the rupee note at least for sometime longer.

After the Hilton Young Commission report the ancient coins were withdrawn from circulation gradually. As the House knows the Victoria coins were not held to be legal tender and most of these coins from different parts of the country flowed naturally into the Reserve Bank. I find from the report of the Reserve Bank for 1945-46 that the rupee coin then in circulation was to the extent of 163 odd crores. The circulation of the rupee coin again rose from 137.33 crores at the end of 1943-44 to 147.38 crores at the end of 1944-45 and again to 165.73 crores at the end of 1945-46. I do not know whether this is the aggregate estimate or does not include the rupee notes.....

**Mr. K. G. Ambegaonkar** (Government of India: Nominated Official): The rupee coin does include rupee notes.

**Sri M. Ananthasayanam Ayyangar:** I do not know how much of this is actual rupee coin. I do not find any tabular statement or figures.....

**Mr. K. G. Ambegaonkar:** No distinction is made between the rupee coin and the note. The entire issue is considered as coin. The note is also considered as a rupee coin.

**Sri M. Ananthasayanam Ayyangar:** Then it is all the worse. The main basis for the introduction of this Bill has been swept off its ground. The reason advanced was that we had borrowed one million ounces of silver from America and this measure would help us to repay that silver.....

**The Honourable Mr. Liaquat Ali Khan** (Finance Member): 226 million ounces, not one million ounces.

**Sri M. Ananthasayanam Ayyangar:** Most of the 163 crores of rupee is paper money and not actual coin. Then what is it that we are going to get out of this. Therefore that very argument is against the introduction or the desirability of passing this Bill.

Under the Reserve Bank Act there is a provision in Section 33 that there should be much backing for all note issue by the Bank. I am aware that notes of the denomination of Rs. 5 and above need such backing. But the one rupee note is full legal tender and it is not a bank note. The backing that is insisted upon consists of two or three parts. 2/5th of the backing must be in gold coin, gold bullion or sterling securities. Not more than  $\frac{1}{4}$  of the backing may be in silver rupees, silver bullion or Indian securities. If both gold and silver disappear as backing and by the Bill that we passed yesterday we have delinked the rupee from sterling, so that the backing of the sterling securities is also taken away, I do not know what kind of backing the Honourable Member intends to have for the notes. The note will have backing in the form of a note only. That is the absurd position to which we will be reduced.

Hitherto, if a person presented currency notes to the Reserve Bank and demanded smaller denominations of rupees, he was entitled to rupees in exchange for the currency notes tendered by him. ....

**Sjt. N. V. Gadgil** (Bombay Central Division: Non-Muhammadan Rural): Only up to a limit

**Sri M. Ananthasayanam Ayyangar:** I am not aware of any such limit. Now if you present some notes what would you get? Only one token for another token. It is true that the silver rupee has also been reduced to a token from time to time. It does not actually contain the amount of silver or the worth of silver. In times of crisis we could fall back upon the silver content in the rupee as we could fall back upon the gold content in the gold coin. I am at a loss to find what is in contemplation of the Honourable Member's mind to find a proper backing for this when sterling is also sent out and we cannot rely on it. We have to depend entirely on the rupee securities or bullion. Nickel can never be the bullion. It is wrong to say that all the world over there has been a changeover and gold and silver have fallen into disuse. May I ask the Honourable the Finance Member whether silver is not still the metal in which the dollar of America is minted? Why should that country which owes its existence to some persons who were driven away from the continent, which has got only a life of 150 and odd years, which is rolling in wealth, which has the wealth of Ormuz and Ind, do so? He said he was warming himself by paper fire. Just as vegetable ghee is passed for real ghee this is token nickel rupee for the silver rupee. The whole thing seems to be a sham. I cannot find a better word, and a more abusive language I do not want to use. I am very sorry that the Honourable Member has thought fit to bring this forward now. After all, you may kill the goose but you are not going to get the necessary return for it.

**The Honourable Mr. Liaquat Ali Khan:** I am going to get it.

**Sri M. Ananthasayanam Ayyangar:** You are only going to kill the goose, you are not sure about the result, but the killing is certain.

I find from the Report on Currency and Finance of the Reserve Bank for the year 1945-46 at page 118 that it is more easy to counterfeit nickel coins than silver coins.

**Mr. K. G. Ambegaonkar:** That reference is to cupro-nickel coins and not to pure nickel coins.

**Sri M. Ananthasayanam Ayyangar:** My honourable friend thinks it is so, but I do not find it here. But the ingenuity of the counterfeiter will overtake the ingenuity of my Honourable friend. I find from this Report that the number of counterfeit coins in 1943-44 was silver

[Sri M. Ananthasayanam Ayyangar]

54,102 and nickel 17,408. In 1944-45 nickel increased to 22,975 as against silver 19,000. In 1945-46 nickel further increased to 48,000 as against silver 27,000.

**Mr. K. G. Ambegaonkar:** There were no pure nickel coins at all. The reference is to cupro-nickel coins.

**Sri M. Ananthasayanam Ayyangar:** Both myself and my friend are correct. It is true that so long as there has not been pure nickel this kind of counterfeiting with that kind of metal has been going on. It is an experience for both him and me not to venture in the dark. Possibly persons who have been able to make counterfeits with this will progressively do so with nickel which is a cheaper metal. Let us not rely on the statement that it is not so easy to counterfeit the proposed coin. If some blacksmith or goldsmith, whoever it is, is going to manufacture it, his brother who has not got the same occupation will easily learn it from him and begin to counterfeit. Even on that ground therefore there is absolutely no guarantee that we may not have a number of false or counterfeit coins running about in this country.

I would submit that after all there is no hurry for this measure. My Honourable friend the Finance Member would remember that in the last session of the Assembly a Bill was introduced for decimalising of coins in this country. The Bill has been sent for circulation and it has not come back. If this principle has to be accepted we will have to revise the whole thing. My friend may say that it relates only to subsidiary coins. But whatever coins might be minted will have to be changed sooner or later. Above all, on the grounds so ably set out by my honourable friend Mr. Manu Subedar which are not merely sentimental but economic financial, sociological and historical, I would urge the Honourable Member not to proceed with this measure but to keep it in abeyance until we have better times. Let us wait to see that he becomes the Finance Member after the new Constitution is framed and then if he comes forward with the suggestion let us reconsider it then. Let him not push it against the will of the House. The whole House eagerly listened to the speech of my honourable friend Mr. Manu Subedar yesterday and the news papers are also not in favour of this changeover at this time. With very great reluctance I wish to oppose this Bill.

**Dr. Zia Uddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, my own sentiment is for a silver rupee. I have been accustomed by reading literature accustomed from historical facts and accustomed by traditions and practices in this country till 1915 to have a silver rupee which will always bring one tola of silver. In every country we always had the two coins, silver and gold. We also had silver rupee and gold Mohar before the Great War. Unfortunately circumstances changed after the Great War because France and America began to hoard silver and gold, and the entire gold of the world was locked up by the Americans and the French and very little was left for circulation, so much so that England had to declare herself off the gold standard and we had to follow suit. Unfortunately in this country we have the bullion exchange where a good deal of gambling is going on in silver. I protested several times and moved a Resolution also that the bullion exchange ought to be abolished because bullion really forms an integral part of our currency and there should be no gambling in it. So long as there is gambling in silver the intrinsic value of the rupee, whatever it may be, will always vary. It is the same to say that the value of silver per tola will vary with your standard currency or the other way round, that the purchasing value of paper rupee will be changing with the price of silver. When gambling is going on in silver, whatever quantity of silver there may be in metallic rupee, its prices will always come up and down according to the value of the silver fixed in bullion exchange markets. The two alternatives to my mind are the same. You abolish the gambling house known as bullion market, the good old conditions which existed before the Great War that one tola of silver is equivalent to a rupee so that you may melt it whenever

you like or coin it whenever you like, will be restored. But unfortunately the richer country has reduced the poorer country like India into a position of very great financial embarrassment by hoarding the precious metals, gold and silver, for gambling purposes, then those ideal conditions, though very desirable, are exceedingly difficult to attain. I really do not love and would not like to support any measure in which there is a suggestion that rupee should no longer be a silver rupee. It is against my sentiment and I do not like that my standard coin should be the nucleus for gambling which unfortunately exists at present. The step which the Honourable Member has taken is that at present we have a token coin which is printed on paper and which is called the paper rupee. There has been a complaint especially from the villagers that when you put them in wet jars the rupee is disfigured. Therefore he had to find some method by means of which this melting of the rupee in water may disappear altogether, because everybody knows that the villagers have got no chest and no suit cases. They always keep these notes in an earthen jar, a garha and if the garha becomes wet, a good many of these paper notes are disfigured. The Finance Member's method is to replace these paper notes by something which cannot disappear. Although it is against my sentiment, but the unpleasant conclusion to which the Finance Member is driven, is the only solution of protecting the rupee from moisture. That is one consideration for which the action is justified.

Secondly my friend referred to the position of silver. It is a problem which I would not like to deal with as a side issue. because it is a bigger problem which ought to be tackled separately and not only in connection with this. I said repeatedly that if I want to stabilise our standard coin, whether it is printed on paper, on silver or on nickel, whatever it may be, it must have a fixed and definite purchasing power. Unless this is done, it is very difficult to stabilise our currency. The question of stabilisation of our prices is really a very important one but so long as the gambling remains it is very difficult really to stabilise the paper rupee as I just said.

The other point which is also of great importance is this. If you want to bring silver from America for the coinage of the silver rupee, then there is the danger that those rupees will be melted. We have got the experience during the war. Whenever the value of copper in the pice became more than the value of pice, then people melted the pice and the copper pice disappeared from the market. They were hoarded and melted. The same thing happened in regard to our small coins. If silver in the rupee can fetch more than sixteen annas, then it is absolutely certain that the rupees will be melted or they will be hoarded and they will disappear from the market. To avoid that position, the Finance Member's predecessor Sir Jeremy Raisman had no alternative but to think of a token coin printed on paper. But that is not the real solution of the difficulty which I have just mentioned. The difficulty will have to be faced, if not today, at least tomorrow. And our rupee in the form in which it existed in 1914 should be restored and it should be our ideal.

Now, there is one more remark which I would like to make in connection with the sale of American goods which Mr. Manu Subedar referred to. There are just a few points to which I would like to draw attention in connection with the points he brought forward yesterday. Our transaction with America was not a happy transaction. I think we were really very badly treated as far as this transaction is concerned because we were in a somewhat difficult position. America treated the United Kingdom in the same manner as she treated India. I expected that the entire stock which was left by the Americans would be given free to this country. Their obligations to us for lend-lease and our obligations for keeping entire property would equalise and there will be no payment of any kind on either side. but I was surprised that most unfavourable arrangement was entered into and the matter was never brought before this House for ratification. Otherwise we would have objected to the agreement that after the realization of 50 million dollars, the balance ought to be divided half and half. I think the bargain entered into was a very bad one. It ought not to have been

[Dr. Zia Uddin Ahmad]

accepted. It did not take note of the enormous services which the people of the country rendered to the Americans while they were here. That service has never been accounted or compensated for and I think the entire stock ought to have been given free.

The second thing is that no customs duty was paid by the Americans when they brought their articles into India. I made a protest at the time and then 30 per cent. of the customs duties were charged. I further stress that 15 per cent. of the total value realised ought to be paid for the maintenance of the office. I put down 15 per cent. for this reason that the Americans themselves fixed this price for the disposal of their articles in India. We had to pay 15 per cent. for overhead and maintain expenditure on offices and 15 per cent. of the entire revenue ought to be credited to the account of India for the maintenance of a very large staff in the Supply Department. That ought to be taken up first before we make up their account of 50 million dollars.

The thing on which I have a grouse is the manner in which these articles have been disposed of. Our Supply Department devised a method by which they could get the maximum amount of money from those persons to whom they sold the American articles. For an article which the Americans themselves sold for Rs. 1,000, our Supply Department realised 3,000. The result was that the price level was distributed. The article was sold at three times the price at which the Americans sold it. I do not see why we should realise 3 times from the consumers out of which one half goes to America. Then another thing which they did was that they sold in large quantities to one or two capitalists. I suggested time after time that these things should be sold in smaller quantities to different provinces and they ought not to be confined to Bombay and Calcutta only. The sale should be distributed all over the country and the things should be sold in smaller quantities so that the price level may be maintained and transport difficulties may be minimised. The result was that though these persons purchased it at three times the price but they realised from the consumers about double that price again. So, the consumers had to pay not only three times but six times the price and the result was that the price level continued to rise. By this artifice the Supply Department continued to maintain a very high level of prices. The Supply Department are the greatest culprit in maintaining the high prices in India because the index figure is 305 in the case of India while the highest index price in any other country is about 186. I believe all those persons who are employed in the Supply Department think that they have done a very great service to this country. But they are really what we call *Kabariyas*, who always want to have the maximum value from their customers and at the same time they forget that they are not doing any service to their country. They are definitely doing a disservice to their country by trying to benefit the Americans on the one side and the big capitalists on the other, so that they may exploit the poor consumers and poor people of this country. This thing has still been going on and as was pointed out by my Honourable friend Mr. Manu Subedar, it has become worse in the case of the Food Department. They have got bad stocks and they definitely cheat their customers by the same method by which the businessman of olden days used to do.

**The Honourable Mr. Liaquat Ali Khan:** On a point of order, Sir. All that the Honourable Member is saying is very interesting, but I would like to know how the Food Department, the Supply Department and all other Departments of the Government of India are concerned with the motion which is before the House.

**Dr. Zia Uddin Ahmad:** I am only enlarging the arguments brought forward by my Honourable friend Mr. Manu Subedar. I am just saying that he has said is perfectly correct. If my friend the Finance Member had tried to keep down the price level, then all the steps which he is now taking would not have been necessary. It is on account of these high prices and also on account of the

gambling that is going on that this thing has become necessary, otherwise there was no need for him to get silver for old rupees. It was not right for the Government to have sent away so much foodstuff from this country. They should have been content with whatever price they got for it in this country and it ought not to have been sent out. It is particularly because of this that we have not been doing justice to the consumers of this country and we have not been doing justice to the price level in India.

**Sjt. N. V. Gadgil:** Mr. President, I consider this measure to be a progressive measure. At the same time, I am not unmindful of the psychological effect it may produce. It may even be asked with some justification whether this is the right time to introduce a measure of this kind. But whether it is the right time or not is purely a question for the Government to decide. If the Government decides in view of the facts that the Government has knowledge of that this is the right time, at least I would not contest that position. But I will confine my remarks to some of the aspects which are psychological and economic.

I was not present yesterday when my Honourable friend Mr. Manu Subedar made a speech but contents of it I had the good fortune to read today in the morning papers. He gave historical reasons with which I am in thorough agreement. From time immemorial, our currency has been expressed in terms of silver or gold. But to justify the continuance of a particular thing on the mere ground of tradition is not an indication of a progressive mind. In fact, the history of rupee in the course of the last 75 years is a history of tragic events. Several Commissions and Committees were appointed by the Government of India from time to time to suggest remedies in order to stabilise the exchange and in order to secure the stabilisation of internal prices and every time it has been found out that these two metals, silver and gold, have been the source of disturbance all over the world, not only in this country but even outside. Now, so far as the historical aspect of it is concerned, I will just try to show what is the exact part in the total set up of our currency which silver plays. Today, I understand, the total amount of currency in circulation is 1,300 crores and out of that silver rupees and rupee notes come to about 160 crores. If our currency of this magnitude can go on without substantial use of silver and if the small proportion of it which comes to about 12 or 13 per cent. is eliminated, no serious psychological shock should ordinarily be expected. Even today the 8 anna coin consists of nickel and the same is the case with 4 anna, and 2 anna and 1 anna coins. Even the rupee is not of all silver. I understand that the silver contents are less than 9 annas. Now, if we go critically into the ratios, we would find that, after all they don't matter much. What is it that is behind this demand that there should be a continuance of silver coin? After all, what is precisely the function of money in the economic activities of a society? I accept the rupee without knowing what is the proportion of silver in it because the acceptance of mine proceeds from the fact it bears the stamp of the Government of the day. I accept it because I have full confidence that I can buy with it whatever I want and I can sell to it whatever I wish. In other words, the real confidence proceeds not from the silver contents or any other contents in that particular coin but from the fact that it is a legal tender. Now, may I ask my Honourable friends that when they use these paper notes, has it ever struck them that they have no intrinsic value of their own? With millions of notes in one's pocket one can still go without a single cup of tea if the confidence in the society has gone down and if the credit of the Government is reduced to zero. Therefore, when I proceed along these lines, what I find is that the problem of Indian currency is how to avoid and eliminate the disturbing factors. Now what happens really is this. Silver which should be the standard of value, becomes subject to variation and instead of becoming a measure of value, it becomes otherwise. That is the most difficult part of it. If silver is as the metal for used currency, then the Government will have to buy silver. In other words, silver as a commodity becomes more and more important and oftentimes the Government of India has found to its own cost that on account of speculation disturbances do occur. I understand from the statement of objects and reasons given in this Bill that the

[Sjt. N. V. Gadgil]

Government do expect that as a result of this Bill being enacted into law, there will be a considerable check to the speculation of silver. Now if it is understood that the function of money is to facilitate exchange and to eliminate the tedious process of barter and exchange of commodities for commodities, then it makes no difference whether the particular medium or mechanism of exchange is paper or silver or gold or nickel for the matter of that. All that is necessary is that society at large, the citizens at large do accept it as something with which they can buy something for which they can sell. Therefore, in the final analysis one cannot avoid the conclusion that the whole currency is and must be based on the confidence that the Government can create. Now, in the present circumstances, Sir, in some of the countries in the west and in U. K. silver has been abandoned. Now, Sir, if psychological effects have some influence in India, they must have the same influence in England also. I know in 1931 when the question of gold standard and the question of pound sterling was of great importance, there was a good deal of agitation and one Government went out of office because its approach to this question was psychologically wrong. I am sure this will not happen here anyway. But the point remains that the Government that came in with a definite promise that they would maintain the pound and that they would not allow it to go off sterling, within ten days of its assumption of office reversed the policy and the society quietly accepted it. This happened not because people realised that gold in itself was of no consequence. It was due to the confidence the new Government created in the minds of the people. There are certain tests laid down by which any particular medium of currency can be judged. They are durability, capacity of being divided into several parts, usefulness as a storage of value and in certain orthodox text-books on economics it is stated that that medium must itself have some intrinsic value. The proposal that is contained in the Bill covers all these except one. Nickel itself may not have the same intrinsic value as silver or as gold has, but one question becomes very pertinent at this stage. After all what is the use of silver and what is the use of gold, assuming that the whole currency is of gold or is of silver, if there is no confidence in gold or in silver, so far as society is concerned, and if nobody is prepared to accept gold and prepared to exchange useful commodities or services in exchange of gold or silver, all that gold silver will be of no use. In other words, whether any particular medium is in itself of intrinsic value depends upon what sort of confidence and what sort of attitude the general public or the society at large has towards it. In my humble opinion this Bill will have one good effect psychologically even. If people love silver and if Government follows a policy of not having silver for its coinage so much quantity of silver will be available for the general public for use for ornaments or for crockery for rich people who are on my right and who occasionally invite some of us for tea and display their silver crockery. More silver and gold will be available. As a result of this, I am certain that speculation in silver will be considerably reduced. I feel that to a great extent the price of silver will also go down. After all the biggest customer of silver is the Government of India and if Government of India withdraws from bullion market, to some extent as is visualised in this Bill, I think the price of silver will be affected. If this Bill is passed there will be less disturbance in the price structure in the country. That is one point. Secondly more quantity of silver will be available for real use. It will be used less as storage of value. So far as the psychological aspect is concerned, I simply think that it all depends upon how you present it. If those who are responsible for leading public opinion, present this Bill in a manner in which the people of the country will be assured that this Bill really does not deprive them of anything, that whatever the former rupee used to purchase this nickel rupee will also purchase that the new rupee in itself will not be a factor for disturbing the price structure, I am sure there will be no bad psychological effect as was suggested by some of our friends. There is nothing new in this Bill. Since ancient times



the medium of exchange has not remained the same. Cows were sometimes considered as good medium of exchange as has been stated in ancient Sanskrit literature.

**Mr. Manu Subedar** (Indian Merchants' Chamber & Bureau: Indian Commerce): In Africa, women are used as medium of exchange.

**Sjt. N. V. Gadgil:** I do not know whether they can be so considered hereafter, because we are moving through very strange times. I do not know what was there and what will be hereafter. Sometimes cows were medium of exchange and afterwards other things came. This only shows that there is nothing like the laws of Medes and Persians in currency matters. Currency can be changed and the change must be consistent with the demands of society and its economic activities. If today Government finds itself in some difficulty with respect to repayment of silver to America. I do not say America demands like a Shylock, but America wants quantity for quantity, she would not like any other thing: then this Bill becomes a necessity. Let America have as much as she wants, but she will find that she cannot clothe her citizens with silver. She cannot satisfy her hunger with silver. Silver or gold has no consumptive utility. After all needs of society are satisfied with commodities and services and so long as commodities and services remain as they are and so long as people are assured that whatever the old rupee was able to purchase, the new nickel rupee would still be able to purchase, well, there would be no harm psychologically. The economic consequences of this Bill will not be bad, if anything they will be good. I therefore think that this Bill is in the nature of a progressive measure and it should be passed.

**Mr. K. G. Ambegaokar:** Sir, I am glad to find that at least one Honourable Member has so far gone into the real merits of the question on the basis of economic factors instead of sentiment. Sir, I listened yesterday with rapt attention, as I always do to my Honourable friend Mr. Manu Subedar's funeral oration on the passing away of the silver rupee. I admit that even though I may be considered to be a cold blooded bureaucrat, I fell for the moment under the spell of his stirring words and felt moved by the old world picture he conjured up of young boys waiting eagerly for the bright shining silver coins and of people listening to the lovely ringing sound of the silver rupee as it was struck against the stone floor to test its genuineness. I too have experienced the pleasures of which he has drawn such vivid picture. And it is indeed difficult to rid oneself of sentimental and nostalgic regrets at the passing away of the old order in which one has been brought up from childhood. Being, however, an administrator whose fate it is to grapple with the realities of a situation, irrespective of sentiment, I have been able to shake off that magic woven by Mr. Manu Subedar's wonderful words; and my object in intervening in this debate at this stage is to add a few humble words to what has already fallen from my Honourable friend

1 P. M. **Mr. Gadgil.** While I respect Mr. Manu Subedar's sentiments I do not think any apology is needed for this measure which, as the Honourable Finance Member has already explained, is essential if we are to face the realities of the situation and is also in conformity with modern ideas about currency.

One thing that disappointed me in Mr. Manu Subedar's speech is that while I have always looked upon him as a brilliant and progressive economist, in this particular matter he has given way to sentiment and talked like a traditionalist. Even sentimental regret need not be carried too far, because so far as shine at least is concerned you will see that the nickel rupee is brighter and will keep its shine longer. And as regards the loss of the ringing sound I think its magnetic properties are going to attract people far more. Mr. Manu Subedar drew a rather dismal picture of a future archaeologist coming across a hoard of old coins, gloating over the old gold mohurs and silver coins of ancient and modern India, and then coming across the nickel rupee and bemoaning it as the ushering in of an era of evil days on the passing off of the British rule. I make bold to say that far from this picture coming true the future economist writing the history of Indian currency will speak with admiration about the great step taken in the

[Mr. K. G. Ambegaokar]

year 1947 for the rationalisation of coinage by breaking away from the wasteful use of a valuable metal like silver for the main coin of the country and the use for the first time of a metal selected from the point of view of its suitability for coinage rather than value.

**An Honourable Member:** Will this era last?

**Mr. K. G. Ambegaokar:** I should think so. Even the future archaeologist will find these coins in a better state of preservation, and as he will have been brought up on a different tradition I am sure that instead of looking down upon the nickel rupee on account of its metal he will rather admire it for its workmanship and the foresight of the present Government in adopting this more suitable metal.

Then I come to this question of the apprehension regarding counterfeiting which has been expressed by Mr. Manu Subedar and by Mr. Ayyangar. Mr. Manu Subedar felt particularly that the foreign countries might take to counterfeiting our rupee coin. So far as that apprehension is concerned, I should imagine that in that case our rupee notes which are worth far more would have been counterfeited and the danger would have been even greater in that case. As regards the people of this country counterfeiting, Mr. Ayyangar has been under a misapprehension that the nickel coins mentioned in the currency reports are pure nickel coins. The metal mentioned in the reports is really cupro-nickel, a softer alloy, which can be counterfeited. Pure nickel is a very hard metal and it is very difficult except with specialised machinery to manufacture coins of pure nickel. Apart from that it is difficult to get pure nickel; it is not readily available. People might buy nickel scrap and all sorts of other things but they will find it very difficult to buy pure nickel; and even if they get it they will find it very difficult to make the coin.

The other possibility mentioned by Mr. Manu Subedar was that, they might use some other softer metal and he mentioned white metal which may be used for counterfeiting. There again if Honourable Members will look at this nickel rupee here or if they look at their eight-anna and four-anna coins, they will find that it looks very different from white metal. White metal looks more like silver while nickel has an appearance of its own. So I do not think there is such great danger. Apart from that, of course, there is the security edge and the fine finish of the mint. And, as I said, the nickel rupee being very hard the impressions are not going to get lost very quickly, so that counterfeiting can be easily made out.

Then as regards the question of the popularity of the rupee notes, it is not really as an inference that we have mentioned it; it is really a fact as I think anybody in this House can testify from his own experience. If we go into the bazar tomorrow and we have to get change for Rs. 10 or Rs. 15, if the shopkeeper offered to pay metallic coins we will say that we do not want to carry all that weight and would rather take notes. It may be said that this applies only to the cities but in the rural areas people prefer metal coins. That is correct and that is the very reason why we are introducing this metallic rupee. We are not suggesting that we withdraw the silver rupee and have rupee notes instead for all purposes. We are providing the rural population with a metallic coin which he can store.

The next question is that it will not be a store of value as these rupee coins have no value in themselves. That really goes to the very root of the matter and as explained by Mr. Gadgil, if you want to store something for its value why store the coins? You can go and buy silver or gold in the market and bury that if you like; why go and hoard coins and in this way use the currency of the country in a wasteful manner? It is open to people to buy silver and store it.

One more point raised by Mr. Manu Subedar was regarding the cost.

**Sreejot Rohini Kumar Chaudhury** (Assam Valley: Non-Muhammadan): May I know, if in order to popularise these coins some will be distributed to us free for some days?

**Mr. K. G. Ambegaokar:** The Legislative Assembly will have to vote for it.

**Shri Sri Prakasa** (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, I may inform the Honourable Member that on occasions of what we call Lakshmi Puja it is important among bankers to worship the current coin of the realm in gold and silver. Would he not try to meet this sentimental desire even if as a hard-headed administrator he is not sentimental?

**Mr. K. G. Ambegaokar:** I think my Honourable friend knows that he can still go into the market and buy gold sovereigns and keep them for worship.

As regards the cost Mr. Manu Subedar's point was that we have minted a large quantity of these quarternary coins and it is a waste of money to have to withdraw all these coins and to have to coin a fresh set of rupees in a different metal. In answer to that I need only refer to the very much lower cost of the nickel coins. The saving there will be so much that it will not only pay for the equipment that we may have to buy and also for the cost of manufacture but it will still leave a very large saving to Government. But that of course is not the object with which the Government is doing it. The real way of looking at it is this that the mints have got to go on continuously working. You cannot have mints working for five or six years and then close them down after sufficient coins have been manufactured, and then start them again after a number of years when there is a shortage. We have got to keep the mints going and this new coinage will provide that occupation. It is not absolutely necessary for them to work at the same high pressure as they did during the war because we have already got such a large amount of coins under circulation and our idea is to put the new coins into circulation as they are minted in reasonable quantities and when they have gone sufficiently into circulation then to withdraw the quarternary coins. From the point of view of cost, this proposal certainly does not deserve to be condemned.

Then Mr. Manu Subedar asked what is going to be done to the returned coins. In reply to various questions he has asked in the past he has been told that the coins have not yet started returning. He was referring to smaller coins, I believe. When these coins do start returning, our idea is to extract the silver, and as for the remaining metals we also hope to extract them. In any case it will not be sold as scrap and he can rest assured that Government will not incur any losses on this transaction.

**Mr. Manu Subedar:** Have Government considered the very heavy refining cost which they will incur in order to recover silver from the serrated coins?

**Mr. K. G. Ambegaokar:** In the first place, the silver has to be recovered and we propose to set up a refinery because it would cost us far less than if we were to get it refined by some other country.

I do not want to go into this question of lend lease, but one argument I should like to put before the House in all fairness to America. At the time when we wanted the silver we were short of foreign exchange and we wanted to conserve it. The Americans came forward to give us the silver on the condition that we give it back ounce for ounce. The price of silver has since then risen, that is to say it has gone against us. But we can't say heads we win, tails you lose; we cannot say now that we will calculate at the old rate. And supposing it had happened the other way round, what would have we done then? In any case we got it on a particular agreement and we are honourably bound to meet that obligation.

As regards the silver prices, Mr. Gadgil has already brought out the main point, namely that if Government, which is the greatest user of silver, ceases to use it for its coins, it must necessarily have an effect on prices. In any case we shall have withdrawn one of the biggest demands for silver. As an illustration of what will happen if we go off the market in this respect, I may refer to the recent suspension of imports of gold and silver into India and the immediate effect that action had on the prices of gold and silver in America and England.

I would appeal to the House not to be carried away by sentiment and to remember that this is a measure which has been evolved after the most careful consideration, and has the wholehearted support of the present Government. We

[Mr. K. G. Ambegaokar]  
cannot afford to continue minting more quaternary rupees and unless this measure is brought into force immediately we shall be putting the rural population to great inconvenience by having to make them accept paper rupee. I hope the House will agree that this is an essential, reasonable and justifiable measure, and will support it.

**Mr. President:** The House may now rise for Lunch.

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

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

**Sreejut Rohini Kumar Choudhuri:** I am very grateful to you for giving me this opportunity of speaking on this Bill. At that time when I wanted to speak I was feeling rather drowsy and I thought I would just make a little start so that my Honourable friends on the right will also profit by my example.

Really there is not much to say. My Honourable friend, Mr. Subedar, in his own precise way spoke very illuminatingly all that had to be said on behalf of the public. Those of us who listened to him carefully yesterday will find it very difficult to support this Bill with a clean conscience. Of course we all know what is the meaning of political conscience, and I thank personally my honourable friend, Mr. Subedar, for his sentiments—and most members of this House—when he said that unless my honourable friend, Mr. Sinha came with a whip in hand we would find it extremely difficult to persuade ourselves to vote for this Bill.

My friend raised a very pertinent question. It was this. When you are on the threshold of independence, why should you be in such a hurry to have new coins. Whose effigy or whose face are you going to impose on those coins? It will be very unfair to have the effigy of the Crown of England at the time when the British are quitting. I was thinking whether it would not be possible to have the head of the Finance Member on these coins. But I could not do it seriously because I know that he is a Finance Member today and in the next year he may not be Finance Minister at all. He may be the Governor of the Province of Assam. Assam may be in his bad books now. . . . .

**The Honourable Mr. Liaquat Ali Khan:** No province is in my bad books!

**Sreejut Rohini Kumar Choudhuri:** Who knows he may be the Governor of the province next year. I thought whatever may happen to the Finance Minister, there is no difficulty of putting the effigy of the Finance Secretary, because Finance Secretaries are permanent. I have come to know the permanent Secretary of my province. He has swallowed up as many as five Finance Ministers and he is still going on. So Ministers may come and Ministers may go, but the Finance Secretary will be there. I think it will not be a bad idea to have the Finance Secretary's head on this nickel coin.

I am told there is another Joint Secretary in this House and it may be difficult to put both on one coin. We can have one Secretary on the tail side and the other Secretary on the other side. This is not a new point. This question was raised by my Honourable friend yesterday and I thought this would be a good answer to the point raised by him.

My friend has put before the House certain disadvantages of the nickel coin. I want to put before the House certain advantages of the nickel coin. It will not be fair to consider only the dark side of the picture. One great thing I find was

that these little nickel coins will have no jingling sounds. First of all you will not attract the pick-pockets. You may have as many nickel coins as you like; you do not attract them. Then in the law court, the lawyer can pocket some money without anyone knowing. The Clerk of the Court can pocket money without the Magistrate sitting nearby knowing it. And then the Court Crier will have some money without anyone knowing about it. It will be recognition of the policy of giving hush-money. This will really be hush-money and that will be an advantage.

Another thing is that hoarding will disappear from this country. It is the sound of these coins at the dead of night when the misers begin to count their fortune. They like the shiny coins and the jingling sounds they produce. Now the misers will not agree to hoard this money and this will be an advantage to the public; or they will do it in a manner in which the neighbours will not know.

Another disadvantage of the previous silver coin was this; that they would lose their lustre after some time. But so far as the nickel coins are concerned you can just use Silvo or Brasso or any other metal polish and they will shine every day. So you can please yourself by the sight of these nickel coins.

One practical suggestion I would like to make now. I hope the Honourable Member has not minted all the coins. These coins should be made slightly bigger, so that they can be used as paper weights. Paper weights are more costly than these coins. If these nickel coins are made of the size of paper weights they will be very useful and will be more economical too. One rupee for a paper weight is rather cheap.

My friend the Joint Secretary did not take my suggestion seriously when I said that these new nickel coins should be distributed free in order to make them popular. You know that there was a great hue and cry in this country when the silver content of the rupee was reduced. The villagers thought that they were being robbed when they were given these coins with practically little silver in them. I understand that the silver rupee will be there and at the same time the nickel rupee also. There will therefore be unfair competition between the nickel and silver rupees. This is no joke. I have personally seen during the war period if you go to the villages with 5 silver rupees you could get a maund of rice, whereas with ten rupee notes you could not get them to part with their grains. At the present moment there is both silver and nickel coins. Those who own the nickel rupee will be at a disadvantage. Therefore in order to popularise the nickel rupee you might make a free distribution of them in the beginning and when people get accustomed to it you can thereafter do whatever you like. All these hurdles you have to get over if you want to introduce the nickel in this country.

With these words, Sir, I support all that Mr. Manu Subedar said yesterday.

**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 10th April, 1947. English translation given below.—*Ed. of D.*): Sir, in our school days we read in history that there was a king, Mohammad Tughlak by name, who did such things that people called him a mad king. One of his actions was that he coined leather coins which have no value. That was why he was called mad. What will the present day historians say for Mr. Liaquat Ali Khan. I, however, know that he has not done it alone, the whole Interim Government is responsible for it; he can, therefore, be excused. It is not his fault, the Interim Government has done it and therefore it should be called a mad Government.

Sir, it is said that in our country silver contents of the rupee were equivalent to the face value of the rupee. This is borne out by the buried treasures of rupees and mohurs of five to seven thousand years, found recently. What will become of the paper and nickel currency of Mr. Liaquat Ali Khan if it was buried. Paper

[Babu Ram Narayan Singh]

dissolves the moment it touches water. We have heard and we have read in history that in ancient times streams of milk flowed and people had silver rupees and gold mohurs in plenty; but today we find that people cry for milk, leave aside rupees. Mr. Secretary of the Finance Department, Mr. Ambegaokar, in his fine speech said that he considered Mr. Manu Subedar, a very learned and intelligent man but today he has proved that he is a sentimental man. Mr. Ambegaokar is an assayer of men and he understands the sort of man he comes in contact but he must not forget that others also possess wisdom and intelligence and are not mad. Shri Rohini Kumar Chowdhry has truly said that ministers come and go but Secretaries remain unmoved like the Himalayas. Whatever be the Government, Secretaries remain where they are; but he must also know that when he says that Mr. Manu Subedar does not understand it and that his (Mr. Manu Subedar's) mind does not think aright he (Mr. Ambegaokar) talks very simple logic proving what he is proposing to do is absolutely wrong and a great mistake on his part. The Government have also said that if we wanted to hoard money we could purchase silver and hoard it. We should not use valuable silver for such articles as coins. They, however, have not told us the purposes for which we should use silver. Mr. Salve has said that silver is given as fee for spiritual services to Brahmins. At all auspicious occasions such as marriage, etc., etc., silver is used. When a Brahmin performs some spiritual services for us a silver ring is offered to him as a present. A ring cannot be made of paper. It has always been given made of gold or silver; it cannot now be given made of nickel. By simply saying that Mr. Manu Subedar is sentimental you cannot satisfy us. Late Mr. Gokhale once said:—

“Nations are led more by sentiment than by interest.”

Sentiments are not to be underrated. They may be honest and true. Paper and nickel rupees have no value and we have no faith in them. These nickel rupees have no real value. They are only legal tenders. They are valueless but Government has might and can do whatever it likes; nobody can oppose it. I challenge that if a plebiscite is taken for the nickel rupee the Government wont succeed in getting even 5 per cent. votes for it. The House must take public opinion also into consideration. Mr. Liaquat Ali Khan must not act upon what the Secretary of his department says. He must bear in mind the public views also. To say that nobody but the Government has wisdom is not enough. It must be at the same time understood that people cannot counterfeit coins because gold and silver are costly. By making nickel coins you are teaching thieving and cheating to the country. There should be no paper or nickel rupee. When Germany attacked Poland she declared her paper currency as illegal tender. Thus Poland lost both her currency and her government.

Government argue that they need silver to pay back America's debt. Well, we have got the sterling balance, why not buy silver against them and pay to America. I wish that we may have gold and silver coinage in our country. If you are educated, we too are educated and we understand everything. The session is coming to a close and members are passing Bills in haste. You have found a good opportunity to have this Bill passed. I urge you to take the views of the whole country about this matter. To do work in this manner is very bad. The public is not with you in giving currency to nickle rupees. I appeal to the House that if they cannot have this Bill withdrawn, they must reject it.

**Some Honourable Members:** The question may now be put.

**The Honourable Mr. Liaquat Ali Khan:** Sir, the opposition that has been expressed against this Bill was not unexpected. I am fully aware of the importance that sentiment plays in the life of the people of our country, but a wise man is not always guided by sentiment alone. We have got to take into consideration the progressive forces that are working throughout the world and the economic requirements of our country. Sir, the Honourable Members of the House would indeed be interested to know that this measure has received general support in the press of the country and I would just like to read two sentences from the comment in one of the papers. That really shows us why those of the Honourable Members who have opposed this measure have gone out of their way to find and invent arguments against this measure. Sir, the "Indian Express" considers that "the change will not be readily or generally be welcomed as on all such occasions there will be arguments against change, with a liberal sprinkling of economic fallacy, historical inaccuracy and sheer cant. Anything that limits the imports of silver from abroad and helps conservation of foreign exchange for purchases of essential goods is welcome." I think, Sir, without offending any of the Honourable Members of this House who have opposed this measure I might say that what the paper anticipated with regard to the quality of the arguments that will be used against this measure has really come true.

My task has been made easy by the very able speech of my Honourable friend Mr. Gadgil and the Joint Secretary, Mr. Ambegaokar. They have given all the economic arguments in support of the measure which is for consideration before the House. I was indeed very much struck by one argument of my honourable friend Mr. Manu Subedar. He having been a child in the silver age, said that he used to look forward as a child on any ceremonial or happy occasion for the silver pieces of coin so that he could jingle them and derive pleasure and satisfaction from the sound of the silver coin. But, Sir, I may point out that I have no doubt in my mind, and I have already experimented it on my children that the children of the nickel age will derive greater pleasure by playing with a magnet and a nickel coin than what my Honourable friend the child of the silver age did and the pleasure is not confined only to the children. Before the House adjourned for Lunch I had brought to show to my Honourable friends here some of the coins made

in nickel and a magnet and the pleasure that Honourable  
 3 P. M. Members derived from this was really a strong argument in favour of introducing this coin in place of the silver coin. (*An Honourable Member:* "What about the members of the Interim Government?") I do in my spare moments after I have listened to the very strong and insipid arguments of this House go back to my house and sit quietly to ponder over him and play with these. (*An Honourable Member:* "Go on playing.") Because that in fact is the only way to keep your balance.

**Mr. Siddiq Ali Khan** (Central Provinces and Berar: Muhammadan): It will be very easy for pickpockets.

**The Honourable Mr. Liaquat Ali Khan:** Now, this is really a consideration which I am sure did not escape my notice. Now, as it happens, if a man is carrying a number of coins in his pocket, then the pickpocket actually cuts the pocket and takes away all the coins but if a pickpocket were to use a magnet, he can only take one coin at a time and apart from that at least the man is able to save his shirt and his coat from being destroyed. So, even from that point of view the introduction of the nickel rupee will be more economical for the people of this country than the present silver rupee.

Now, I come to certain serious arguments that were advanced in opposition to this measure. As I pointed out in my opening speech, today it is recognised by every country that a coin is really a token of exchange and it is not necessary to waste any expensive metal on that. Now, Sir, up to 1936,

[Mr. Liaquat Ali Khan]

as I stated in my speech 29 countries have already adopted nickel coin in their States and some of these are very important one.

**Sri M. Ananthasayanam Ayyangar:** Is it the primary coin or the subsidiary coins?

**The Honourable Mr. Liaquat Ali Khan:** It is all coins. There is no gold or silver.

**Shri Sri Prakasa:** Where is nickel produced?

**The Honourable Mr. Liaquat Ali Khan:** In Canada.

**Shri Sri Prakasa:** Shall we have to pay in silver or in nickel?

**The Honourable Mr. Liaquat Ali Khan:** In sterling. Some of the more important countries that have adopted nickel are Austria-Hungary, Belgium, Canada, China, France, Germany, Greece, Iraq, Irish Free State, Italy, Japan, Mexico, Montenegro, Poland, Switzerland, Turkey and the Vatican States.

**Sri M. Ananthasayanam Ayyangar:** All of them must have some gold primary coins?

**The Honourable Mr. Liaquat Ali Khan:** I have not seen them. They must have been stored away somewhere. It is the same as in India, where we hear of gold mohurs still.

As I said in my opening speech, the chief consideration was the question of the return of the silver that we had borrowed from America. Now, as I pointed out, the U. S. A. lent 226 million ounces of silver to India on this condition that it will be returned in the form of silver and here I may point out that this was the agreement not only with India but with every other country of the world, wherever the U. S. A. had lent silver during the last war. Every such country had to return the silver back in the form of silver and not in any other form. If you take the price of silver at the present moment at 90.5 cents per ounce, the price of silver comes to 204.5 million dollars. Now, I want to ask Honourable Members of this House whether in view of the shortage of foreign exchange with us for the purchase of capital goods which would in fact benefit the people of this country much more than having a token silver coin, is it really justifiable that any Government should dissipate such a large amount in purchase of silver so that we could pay it back or return it to the United States?

**Sri S. T. Adityan** (Madura and Ramnad, *cum* Tinnevely: Non-Muhammadan Rural): Is it a fact that Britain is only paying a small part of it in silver?

**The Honourable Mr. Liaquat Ali Khan:** Under the agreement whatever Britain has to pay, it must pay in the form of silver.

**Sri S. T. Adityan:** That may be the agreement but in fact it is not so.

**The Honourable Mr. Liaquat Ali Khan:** I do not know where my Honourable friend got his information from. The time for returning the silver has not come yet. Apparently the Honourable Member knows more about the affairs of Great Britain than I do.

Now, Sir, Mr. Ayyangar asked me whether we will be able to get sufficient amount of silver out of the present silver coins that are in circulation in the country. We hope to get sufficient amount to pay back our debt of silver to the U. S. A. and therefore, Mr. President, from that point of view I think the change that has been proposed in this Bill is a change for the benefit of the country and for the further progress and advancement of India.

My Honourable friend Mr. Subedar said that the people in the world were very clever and they would mint nickel coins outside India and bring them into this country, and pass them as the rupees of the Government of India. I do not think that there is any justification to believe that such a thing would



happen, because no country has so far taken the trouble of printing one rupee and 5 rupee notes outside India and bringing them into this country and passing them as the notes of the Government of India. (*An Honourable Member*: Japan did it.) Japan was only able to do it when it conquered Burma and not before that. If any foreign nation, God forbid, comes and conquers this country, it will be the currency of that particular power that will have value and not your silver or gold. And as was pointed out by my Honourable friend Mr. Gadgil, and he put it very ably, it is not really whether a rupee is made of silver or of gold or whatever it is, but how much it can buy in the form of commodities, and its value is due not so much to silver and gold but to the prestige of the Government of that country. Now, even today the position with regard to silver rupee is that we have only 50 per cent. silver and, therefore, even today your rupee, if you value it in terms of silver, is not half of that value which some people might imagine. I know that there was a time in the beginning when people really were shocked when the real silver rupee was changed and the new rupee was introduced. I am not talking about the latest rupee but the one before that. And it is but natural because, after all, you get used to certain ideas and it is not easy to get rid of those ideas too quickly or in a hurry. But I can say now—and that must be the experience of everybody—that, really speaking, people do not look at the currency from this point of view whether it is made of silver or gold or whatever it may be. They really look at it from the point of view as to how much commodity you can buy with the currency which you have. From that point of view, I think, the nickel rupee would be welcome by the people because with the introduction of nickel rupee the Government will be able to put in the market or in the country more metallic rupees than what it has been able to do so far. And the complaints that one hears sometimes that the villagers do not like to receive these currency notes because they perish so soon because they become wet on account of perspiration or something like that will also disappear because with the introduction of the nickel coin the Government will be able to put out in the country more of metallic rupee than it has been able to do in the past. But if we were to stick to the silver rupee—I should not really call it a silver rupee because it is not a silver rupee; it is only half silver rupee,—then it would be impossible for the Government to buy silver at such a high price and put into circulation more half silver rupee coins. So from whatever point of view you may look at it, you will find that the introduction of a nickel rupee will, indeed, be a great advance as far as our currency is concerned.

**Chaudhri Sri Chand** (Nominated Non-Official): Why not have iron rupee because iron is cheaper than nickel?

**The Honourable Mr. Liaquat Ali Khan**: We cannot have iron rupees for the simple reason that iron cannot be minted and also because every iron-smith will be making rupees. Nickel rupee is not easy to make.

Then, Sir, my Honourable friend Mr. Manu Subedar was very vehement in his remarks about lend-lease agreement between the Government of India and the U. S. A. I am not responsible for that agreement, but I would like to point out to the Honourable Members of this House that that agreement was examined by the Military Accounts Committee of this House which was held some time ago under the chairmanship of my immediate predecessor in office, Dr. John Matthai, and that Committee was perfectly satisfied with the terms of the agreement that had been arrived at between the Government of India and the U. S. A. With regard to silver, there was a separate agreement and, therefore, that agreement could not form part of the settlement that took place with regard to other lend-lease arrangements. And as I pointed out a little while ago, a similar agreement was entered into with regard to silver by the U. S. A. with all the other countries of the world, namely, that the silver had to be returned in the form of silver and not in any other form. That is why that agreement which was with regard to silver could not form part of discussion in the negotiations that had taken place in

[Mr. Liaquat Ali Khan.]

connection with the lend-lease arrangements that were existing between India and the U. S. A.

Sir, I hope my Honourable friend Mr. Manu Subedar would forgive me when I say that the language that he used against a country which had come to our rescue at a time when we needed silver was not the language of a statesman. As a matter of fact, India has always been known for courtesy and charity and we should always follow that tradition irrespective of our feelings and I do not think there is any justification for feeling so strongly about it as my Honourable friend Mr. Manu Subedar did. As far as my Honourable friend Dr. Zia Uddin Ahmad is concerned, it is difficult to follow what he was saying. He started with lend-lease arrangements with America and then he went on to the Supply Department and then to the Food Department.....

**Shri Sri Prakasa:** And ended with the Aligarh University!

**The Honourable Mr. Liaquat Ali Khan:** So, I really do not know what he was driving at. He was, however, supporting Mr. Manu Subedar, but I do not know whether Mr. Manu Subedar should feel flattered or otherwise by receiving such a support as he got from my Honourable friend Dr. Zia Uddin Ahmad.

**Mr. Manu Subedar:** He did want the silver rupee.

**The Honourable Mr. Liaquat Ali Khan:** My Honourable friend Mr. Gadgil's only doubt was whether it was the right time to make this change. Even if we pass the Bill today, it will take some time before we are able to put out the nickel rupee in the country. And I am not unmindful of the constitutional changes that may take place or that are to take place by June 1948. But I do feel that we should be able to know much earlier than June 1948 as to the shape of things to come. And it is possible when we know as to what constitution India is going to have and if we come to know about it soon enough, as I think we should, then before we put out new nickel rupees we should be able to mint them in any form that we may like. It is not a question of a few months. I do not think we can put out these nickel rupees before October 1948. It will take some time. Apart from that, we cannot put out large amounts in the country and whatever would happen to the present rupee and to the Note would happen to the small number of nickel rupees that we shall be able to put out in the country for circulation before the future takes shape. Sir, I am convinced that the proposal which I have placed before the House is in the interests of the country. I am also convinced in my mind that the arguments that have been advanced against it are based more on sentiment than on correct realisation of the economic position of this country. I have no doubt that the House will support this measure which I have moved for the consideration of the House.

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

"That the Bill further to amend the Indian Coinage Act, 1906, be taken into consideration."

The motion was adopted.

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

"That clauses 2 to 10 stand part of the Bill."

The motion was adopted.

Clauses 2 to 10 were 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:** I move:

"That the Bill be passed."

**Mr. President:** Motion moved:

"That the Bill be passed."

**Mr. Manu Subedar:** Sir, I feel like the lawyer who knows that the Judge has made up his mind and that no matter what I say will have any effect. I have great admiration for my Honourable friend the Finance Member, and I trust that we are very good friends outside this House. He has the additional advantage in this case in so far as he has been an Advocate and Judge at the same time. All the same I should like to traverse some of the points which were mentioned. Even if no practical utility will be gained, as my Honourable friend says, some sentiment it may be, that my grandson will look at the record whether his grandpa did say something or not. Well, Sir, I have heard arguments which fell from the very few speeches which were made in support of this Bill, only one of them on the non-official side. I must say that I am not at all impressed with them. For one thing, my Honourable friend the Joint Secretary said that polished nickel would remain the same. Now, Sir, those of us who are travelling know how basins in railway carriages look like, they are made of nickel and we know the colour of the wash basins. I do not want that my currency should have that colour; so far as silver is concerned not only is it nice, when the polish is fine, it has the most attractive colour even when the polish wears off. This reminds me of the story which we used to hear in my childhood—once again giving play to sentiment. The story was, that if you take a donkey and give him 100 baths in the river Ganges, it never becomes a horse! Sir, no matter how much you can boost up nickel in the manner the official side tried to do, it will never equal in use or in imagination to what silver is. Then, Sir, I heard another argument from my Honourable friend Mr. Gadgil. Sir, like the Poona Brahman, he has got convenient arguments and he can prove or disprove any theme and on this occasion, he chose to throw his complete weight on the other side. May be he thoroughly enjoyed it. I do not grudge him the enjoyment. He said that the bulk of our currency namely 1,200 crores are in paper notes. Why do you grudge and crumble with regard to rupee circulation which is relatively small? If it is relatively small, may I ask why is he grumbling, why is he objecting to respecting sentiment of the people of this country who want silver rupee and who do not want this new fangled device put upon them? Then, Sir, my Honourable friend generally accuses me of not speaking for the poor. On this occasion, if I had any doubts that I was speaking for the poor and for the cultivator, my Honourable friend Babu Ramnarayan Singh who comes right from the heart of the cultivator expressed, and had his speech not been in Hindustani, had his speech been in English, the House would have known what strong language he used and the language I used would pale into insignificance. He used words expressively powerful and they came straight from his heart. At any rate my Honourable friend Mr. Gadgil is not on this occasion at all events speaking or voicing the feelings and sentiments of the poor. The official side made very light of the situation when they talked about expenses involved. I pointed out that we had already spent several crores in minting small change coins and all these crores of rupees were thrown into thin air. We have gone back to the coining of the nickel small change. There is that loss apart from the loss which the Government would suffer in the sale or return of metal. We had already recalled the standard rupee, we had already incurred heavy cost for the quaternary rupee. There is nothing wrong in that, if it is not whole silver, there is at least half. Honourable Members must realise with what avidity people stick to silver rupees, even though you did not find this silver rupee in circulation. The American silver which the Government got would amount to 50 crores. The old recalled silver coin must also run to several crores. Do we see any quaternary rupee in current circulation? I have not come across any for the last two years. That shows the popular preference. You may not like the fineness of it, but you cannot deny that people have a fancy for that. There would

[Mr. Manu Subedar.]

then be expense of recalling, there is the shipping charge of 12 to 13 thousand tons of nickel from Canada. At the moment we are anxious to get grain for our famine-stricken population. It has taken up so much effort, not to speak of the enormous value which we have paid. We were told this has been paid out of our sterling which has been accumulated out of the blood and toils of millions of people in this country. I hope Government have seen the wretched condition of the people and I hope they would not regard payment out of sterling as something less than solid payment in any other form. If nickel comes here we shall incur an enormous amount of charge. we shall gradually recall silver, we shall refine it. I hope my Honourable friend knows what will be the cost of refining silver out of nickel rupee. It is only 50 per cent. pure and we will have to incur an extremely heavy charge which would cost about 10 per cent. or more of the total value. This would run into crores of expenditure to this country which in my opinion is clearly avoidable expenditure. I regret that Government have chosen this moment for passing this law. Now, Sir, silver and gold have maintained a relationship from ancient time; at one time it was fifteen to one, and now it is about forty to one. But there was a definite relationship and there was at one time what is known as bimetallism. There is an entire history of both Asia and Europe behind this business. We say we are wiser and more civilised. My Honourable friend Mr. Gadgil immediately put a test; we would be still more civilised if we had no money at all if we were dealing with thin gaseous currency instead of solid currency of any kind. Sir, I respectfully put forward the view that we have not come in the paper age, and in this country we have to consider the conservatism of the people. You can call it backwardness but they are your people; and they have got the feeling that something is being done to their and to their money which is not quite correct. They have a feeling and an apprehension that they have been done down in the past by various sections and they expect protection from Government. And if Government themselves try to bring forward something which they will not understand, it seems to me a greater tragedy that this action should have come from the first popular Government and the first popular Finance Minister. Sir, it is no use ignoring the historical background of all these years. My Honourable friend the Finance Minister has been addressed in various forms. But it is necessary to run over the history of India from the days of Asoka to the days of Akbar and from the days of Akbar to the days of Lord Wavell; it is necessary to see that those who were not altogether unwise in all these ages need not be spurned; their views and their practices had some value in them. The Joint Secretary spoke of economising in the metal and asked why we should use this expensive metal. That, if I may say so with all respect, is an argument to which I can only give a polite reply by asking whether our ancestors during the last five thousand years who adhered to the use of the precious metal for currency purposes were so stupid and unwise that my Honourable friend the Joint Secretary gets up and asks why we should use this expensive metal in circulation and not use a cheap one.

On the effigy question my Honourable friend the Finance Minister who is very clever and wise and who has got a sense of humour turned round and said, "Don't worry; the effigy issue will remain undecided until we are ready to issue these, and these coins will not be issued soon". But I do feel that the effigy issue may conceivably become a very important issue; I am not quite certain whether the effigy issue may not assume a somewhat important form, whether the demand may not appear in this country itself to celebrate the newly found freedom of this country in some form which will stand on that coinage in some new year, and it may be put down as the first year of the freedom of this Indian republic. I am not sure whether that is not also a consideration both of convenience and of forethought which Government should keep in mind.

Then, Sir, I heard much about the progressive forces in the world and of our being at the forefront. When it is a question of paying out money this country is always dragged into the forefront,—the forefront of international affairs, the forefront of world politics, the forefront of all the conventional and trade pacts. The other countries are not so ready at that time to shoulder the responsibility but we are always dragged out. We are always in the front; and I do feel that the time has come when this country's action should be examined with reference to these countries' affairs and the local context and events in this country and the sentiments—I again stress—of the people of this country. And Government would not be worth two minutes' purchase in future if it trampled on foot the sentiments of the people. And my Honourable friend's suggestion that this measure should be sent out for circulation for eliciting public opinion is a very wise one and a proper one. I do feel that Government ought to take that course. Even at this late hour I suggest that if my Honourable friend feels confident that the public will welcome and accept this measure, there is no harm in circulating it, particularly when it will not be ready for a long time yet, perhaps for another year and a half. Public opinion may be taken and it may be taken up the first thing in the next session. With all respect and humility I venture to suggest that public opinion would not be favourable to this measure.

Then, Sir, my Honourable friend read in his support from a paper called the *Indian Express*. A poor hack writer who is probably turning out so many lines per rupee turned out stock phrases for commending a measure of Government which according to his lights was perfectly all right. My Honourable friend made use of an article that was written some time ago implying that that hack writer in that obscure newspaper had anticipated all that we had said on this subject. And if all that we say on the floor of this House has no more value in the eyes of the Indian Finance Minister, I am extremely sorry that this relationship he has misconceived between himself and the Members of this House, if our arguments have no more value than those which the hack writer anticipated before he had heard them. And if the Honourable Member cannot deal with them except in this manner I am extremely sorry to say that that is not the position which he ought to take up. The Finance Minister has not been able to conceal the decline. He spoke of the transition from the silver age to the nickel age. He realises that there have been transitions in the life of people from the age of gold to the age of silver and now from the age of silver to the age of nickel. The transition to iron and steel was foreshadowed by my Honourable friend here who suggested that we should use iron and steel and be done with it. Now, Sir, the question that I seriously raised was this. Have not Government got sufficient quaternary rupees in circulation? Have not Government received an enormous amount of silver from the return of eight-anna and four-anna silver coins which were abolished, and did they not from the return of the standard coin receive an enormous amount of silver from circulation itself, so that from those coins they could turn out two coins for one? Having regard to this new accession of silver in the hands of Government may I inquire whether Government have seriously examined that the position was not easy and comfortable and that we could not go on with the quaternary rupees as they were and whether it was necessary to intrude this new and rather dangerous change at this time at the tail-end of this session without circulating this Bill? My Honourable friend spoke about conserving exchanges; he said we should not indulge in silver currency because it would mean buying more silver. But I have pointed out that the silver returned from the standard coin and from the four-anna and eight-anna pieces was adequate. Why do not Government give us figures of the silver that they have received back and whether that silver is not adequate for the purpose and whether it would be necessary to import any more silver for coinage purposes from abroad if we kept to the quaternary rupee? Then, Sir, the

[Mr. Manu Subedar.]

question was if we have to import, would it not be wise to conserve exchange. May I say is it so necessary to conserve exchange without regard to the currency of the country, and without regard to the sentiments of the people when you have 130 crores of rupees for the import of capital goods? When you have got the sterling balances to the tune of 1600 crores of rupees which is exchange, earned with the sweat of the brow, in the hands of this country, is it suggested that this, or a portion of this, would not be adequate for the purpose? The argument that we must try to conserve exchange is one which I regret to say has not convinced me and will not convince any member of this House.

Now, Sir, I am pleading a lost cause; I know that what I say will probably not have any consequences. But I do venture to think that even in this House if the Honourable the Finance Member were to leave this to the free vote of the members of this House, the result would be something that will surprise him. I appeal to him to make it a free vote of the Members of this House or to take this Bill into circulation. If he won't do that, if he will have the steam-roller walk over us, he will get the Bill but, Sir, let me mention that in our part of the country there are three kinds of obstinacies against which a man is helpless: one is obstinacy called *strihath*—when a woman makes up her mind, the poor man has to give in and purchase peace at any price. The other is *balhath*—when a young child makes up his mind, you have got to placate him by giving him what he wants, for the time being at all events placating him. But, Sir, that obstinacy against which there is no cure is the obstinacy of *rajahath*—obstinacy of those who are in political power. When they are obstinate, God Save the King!

Let me mention in conclusion that no Government can claim to be all-wise; no Government can claim that all their measures are good, wise and proper, but this is my firm conviction that this is one of the unwise measures of the first popular Government composed of people whom we individually like, respect and wish to follow, but when history comes to be written it will not be, as my Honourable friend the Joint Secretary said but it will be recorded as an unwise decision of the first popular Government. Sir, I regret that I must oppose this measure.

**Shri Sri Prakasa:** Mr. President, I fear the battle is already lost, but I must pay my tribute of admiration and praise for the courage, the wisdom and the extreme felicity with which my Honourable friend, Mr. Manu Subedar, has fought for the popular cause from start to finish. It is not the attitude of the Joint Secretary to Government that surprises me as the attitude of my Honourable friend, Mr. Gadgil, because I know that the Joint Secretary to Government has to support any measure that is brought by Government before the House. If the Joint Secretary had honestly been convinced of the justice of this measure, he would have brought it many many years ago when he joined the department. I do not think the situation is so changed today that the arguments that are valid today were not valid when he started his career.

But what surprises me is the attitude of my Honourable friend, Mr. Gadgil. I am sorry he is not in the House. He says that the value of money is wholly dependent upon the credit of a Government, and even if the coinage is in gold and in silver if it does not carry with it the authority of the Government, then it is valueless. That is not my reading of the situation. I am an ignorant man; I do not know economics; I do not know high finance; but I have in my own way been dealing with money, and I find that the value of coinage is also in the metal and the material of which it is made. Many of us—and I think I can include my Honourable friend, the Finance Member in the category—have as heirlooms a lot of 'hun-ka-sikka', gold coins coming down through the centuries. Whether they came with the Huns or not, I do not know, but they are still known as 'hun' coins. They are of gold. They carry no authority.

of the 'Hun' Government—because no 'Hun' Government exists—but they have much intrinsic value, and they can be sold in the market for a very high consideration indeed. Therefore my Honourable friend, Mr. Gadgil, and his supporter the Joint Secretary to Government, are entirely wrong when they say that a coin has no intrinsic value. It has.

Take the English pound,—the gold sovereign. You can walk with it throughout the world; it is respected at every street corner; it is accepted everywhere; it has its intrinsic value. Gold and silver have a value of their own which paper and nickel have not.

**Mr. K. G. Ambegaokar:** Pound is not made of silver.

**Shri Sri Prakasa:** The sovereign is of gold. I am sorry I have none in my pocket, otherwise I would have shown him.

**Mr. Manu Subedar:** Pound sterling is paper; he means sovereign.

**Shri Sri Prakasa:** A sovereign sells in India for Rs. 54. It is called 'ginni raja'. It is the exact pound or sovereign that they have in England; it is a gold coin. When I had that in my pocket, I could easily get it changed in Germany and France without any difficulty. The top coin of the country must be something which is respected all over the world; and as the rupee is our top coin, because we have nothing higher than that, it should be something which should be respected all over the world. I do not think this rupee of nickel is going to be respected, and therefore I have my doubts about its ultimate utility. But when this is introduced, I know we shall all get used to it, and we shall all suffer it; we shall all use it. We get used to many things—good or bad. For instance, we got used to the British Government, and we suffered it. Of course there was a good deal of dissatisfaction underground and overground which simmered and worked and at last that is showing some results. The same will happen to this coin.

My Honourable friend, the Finance Member should not feel that simply because the anna bits and two anna bits or the nickel four and eight anna bits have been accepted therefore everyone is satisfied. I do not think that is a fact. We got used to paper rupees. My Honourable friend said that paper rupees have been so popular and in such great demand that they are actually preferred to silver rupees. It is one of the sorrows of my life that the Honourable Member has cut himself away from his lands and has preferred Delhi for his residence and as a centre of his activity. I am still connected with the land; and every time I go to my villages dozens of people come up to me with torn notes, saying that the rats have had them. They have bit them. Very often I have had to send them to the Reserve Bank of India to get a change. The Reserve Bank has however sometimes refused to change them when the numbers could not be deciphered. It is not that our people like these notes.

One of the pockets in which our village folk carry money is a small sort of loop that they make in their waists in their loose garments; and when they bathe with the cloth on and the rupees still tucked to their pockets, these paper rupees get soiled. The Government must have made crores of rupees by the loss of paper currency apart from the very latent loot they made on one thousand rupee notes.

Sir, we have to suffer whatever the Government prescribes because the Raja—the ruler—is an all-powerful element in society, and the Praja—the people—have to follow and obey him. Still that is not a very satisfactory state of things and I wish the Government had taken this factor into consideration. I have been shown the coming rupee. It looks all right. The case in which it is put is far more valuable than the contents. The great philosopher Vivekanand describing the difference between the East and the West said that 'the East carried diamonds wrapped in rags while the West

[Shri Sri Prakasa.]

carried cloths of earth in golden vases'. So that little case is a sort of meeting of the East and West. It is carrying nickel rupees in velvet cases. However nice it may look in a velvet case—and anything will look nice there—I do not think it will be equally nice to use for the market-place and in the way money is used in the world.

My second objection is about sentiment. We are used to gold and silver as elements of coinage and as means of exchange. I wish it had been possible for this Government to continue the age-long tradition and to have these metals back. The story has been related by more than one Honourable Member of the House of how a gentleman who did a good turn to the Emperor Humayun was offered the throne of Delhi for a day. We have offered the throne of Delhi for a longer time to my Honourable friend. That gentleman having been a water carrier by profession, marked his elevation to the throne by introducing leather coinage. Now, my honourable friend himself has all his life dealt with gold and silver. I do not think before today he has ever handled nickel. I am sure he has paid in silver to the railway porters, being a generous man, where nickel would have sufficed; and I was hoping that with this tradition of gold and silver behind him, he will bring back the old coinage and give us back our dear old gold and silver. I am so sorry that he has followed this gentleman of the past and has debased the coinage instead of elevating it.

Sentiment has an important part in human life. We forget sentiment when we try to pose as intellectuals and discuss matters on a very high level. But sentiment rules the world.

In India there are many traditions. Whether you like them or not, there they are; and the man in power has to take into consideration the sentiments of the people who are in his charge. You may not like idolatry. You may regard it as something improper or undesirable. But it is a fact that image worship is one of the very common methods of spiritual expression of the people in the land and we do worship the goddess of money, Lakshmi, the goddess of good fortune. So many folks have the Lakshmi puja, the worship of the goddess of fortune as a regular feature in their homes; and they would feel unhappy if they were deprived of this little amenity once a year. Now on that day they like to worship the current coin of the realm in gold and silver and it will be a pity if from next year my own *munim*, instead of bringing out silver rupees, has to bring out nickel rupees for the annual worship. The fact is that the dear old man has secreted some Victoria rupees which he brings out once a year. I do not know whether he is legally entitled to do so. But he says: just worship this quietly and let me put it back. He is not sure of the law about it and when the inquisitorial Bill is passed I hope the Honourable member will not dig into it.

**The Honourable Mr. Liaquat Ali Khan:** He is quite safe. He can continue to worship that rupee!

**Shri Sri Prakasa:** Well, this is also a sentiment; and when new firms are established, and when new shops are set up, and when a new worship is started, they will be needing some silver coins of the realm, recognised by the Government for such worship. I do not know how my honourable friend, the Finance Member, and his Deputy Secretary, will meet this sentiment of the people. Of course they will all get used to it and start worshipping nickel. But they will not be satisfied. So on grounds of sentiment as well as the intrinsic worth of the coin, I am feeling unhappy that we are passing this piece of legislation. I am really sorry at the time my honourable friend has chosen for putting these things through. He is himself not sure when the coins will be actually available. It will take many years before they become current. If that is so, surely we could have waited a few months before we passed this piece of



legislation. To bring an important piece of legislation at the fag-end of a long session is to say the least very helpful to all parts of the House. The House feels tired. It has certainly a great deal of confidence in the present Government which it has not had in the previous Governments. It generally feels that what the present Government is doing must be for the good of the people and therefore we need not exercise much caution regarding their proposals and may safely accept without any fear of danger whatever is given to us. But I do feel both on sentimental grounds and on grounds of expediency, we would not be wise in passing this measure, in reducing our silver rupee to

4 P. M. a nickel rupee and in our going from the real to the unreal. There is an ancient prayer: "Lead me from the unreal to the real". We, in the words of my Honourable friend Mr. Manu Subedar, are now going from the real to the unreal, from the *Asli* to the *Nakli*, from silver to nickel.

**The Honourable Mr. Liaquat Ali Khan:** Sir, there is really not very much that I have to say except to point out to my Honourable friend Mr. Manu Subedar that I did not mean to cast any reflection on his intellectual attainments or those of other Honourable Members when I quoted a certain passage from one of the papers. My object was to point out that the arguments that could be advanced against this measure were really not arguments based either on economic principles or on progressive trends in the matter of coinage in the world. I did not mean to say that I wanted to compare my Honourable friend Mr. Manu Subedar with the Editor of this paper. I do not know whether it is a first rate paper or a third or fourth rate paper. I only quoted one sentence of one paper but I have with me here the comments of a number of newspapers—*Finance and Commerce*, *The Daily Gazette*, *the Times of India*, *The Amrita Bazar Patrika*, *The Hindustan Standard*, *The Statesman*, *The Indian Finance*, *The Free Press Journal* and so on. Surely my Honourable friend cannot say that all these papers are fifth or sixth rate papers. I had quoted only one sentence of the comment in one paper, because it had prophesied in a way—I would not say prophesied,—I would say because it had expressed that in fact the arguments that would be advanced against this measure could only be in those lines. That did not mean that my Honourable friend did not have the ingenuity to invent any more arguments.

My Honourable friend Mr. Sri Prakasa said "Look at the British note. It has value throughout the world". It is not the note . . . . .

**An Honourable Member:** He said the sovereign.

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

**The Honourable Mr. Liaquat Ali Khan:** It is not the sovereign as such that has value but it is the gold in that sovereign. If my Honourable friend carried one tola of gold in his pocket, it will have the same value all over the world, irrespective of the fact whether it had the Government stamp on it or not. Therefore it is not really the coin that has the value: only some people instead of buying gold carry these sovereigns with them.

**Pandit Govind Malaviya** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): No, no. They carry a standard measure about them. You cannot go about having your gold weighed and examined everywhere every day. There should be some government stamp of measure and standard upon it.

**The Honourable Mr. Liaquat Ali Khan:** All that I was saying was to point out that it is not really the coin as such but it is the value of the metal in that coin. From that point of view the present silver rupee has only 50 per cent. silver, not the full one rupee worth of silver.

**Shri Sri Prakasa:** What Mr. Gadgil said was that gold and silver in themselves will have no value unless they have the stamp of government on them.

**The Honourable Mr. Liaquat Ali Khan:** My Honourable friend Mr. Manu Subedar pointed out rightly that the rupee coins are not to be seen. In other words he meant that there were not a sufficient number of silver rupees in circulation. There may be two reasons for it. One is that sufficient number of coins has not been put into circulation by the Government and the other is that people are hoarding them. If people are hoarding rupees it certainly is a waste of metal, because, let me point out, whereas to mint a silver rupee would cost about 13 annas, to mint a nickel rupee would cost ten pies. Therefore there is a great saving from that point of view and if people really want to hoard silver or put away silver, why do they want to put away rupees? They could buy silver with the nickel rupee or the paper rupee and hoard it if they so desire. It is wrong to go on minting silver rupees and putting them into circulation and people taking hold of them and hoarding them.

The other reason, as I said, can be that the Government have not been able to put into circulation sufficient number of silver rupees. The reason is obvious. It is not possible for Government to buy silver at such high prices and thus use this foreign exchange. I will come to the question of foreign exchange in a minute. I think my Honourable friend Mr. Manu Subedar must have been talking with his tongue in his cheek when he was talking about foreign exchange. He knows full well what I mean by foreign exchange, because he is one of our experts in this House on such matters. By foreign exchange I mean multilaterally convertible currency. I do not mean the sterling or the sterling block, because my Honourable friend knows that silver has to be bought from America. Of course you can buy it somewhere else but America is the chief country from where you can import silver and for that you have to give dollars. If you use your dollars for buying silver for the purpose of minting your silver rupees, so that people may hoard them, that is the only use that you will be able to make of that exchange. That I think is a complete waste of our resources. We need all the multilaterally convertible currency to be able to buy capital goods. Hoarding of silver rupees is not going to advance the country: it is the production of goods which can only be done if we are able to import capital goods into this country that will advance this country and help in the progress of the people of this country.

My Honourable friend Mr. Sri Prakasa said that in the villages people do not get rupees and it is very inconvenient for them to carry rupee notes or other kinds of notes. I quite agree with him and that is one of the reasons why with this nickel rupee we will be able to put out into circulation a very large number and there will be no attraction for people to hoard them, so that there will be more metal rupees in circulation with nickel rupees than there would be if you were to go on minting silver rupees and putting them into circulation. Therefore when I brought forward this measure before this House I may assure my honourable friends that I was not unaware of the difficulty and the inconvenience that is caused to the cultivators in the villages.

Then, Sir, my honourable friend Mr. Subedar said about refining and getting silver out of the present 50 per cent. silver rupees and eight anna and four anna bits. We had made calculations and I can assure him that the cost would be nothing like what my honourable friend contemplates. As a matter of fact, we are hoping that when we start receiving the silver rupee, the silver eight anna and the silver four anna bits back from circulation we will be able to extract silver from it and, as was pointed out by the Joint Secretary, we will be able to separate the other metal that is used at present for minting these other coins and sell that as metal—as different kinds of metal and not just as waste metal to be thrown on to the market for practically no price.

**Shri Mohan Lal Saksena** (Lucknow Division: Non-Muhammadan Rural): May we know what will be the cost of refining? He suggested it will be 25 per cent. Let us know whether it is 2 per cent. or 5 per cent.

**The Honourable Mr. Liaquat Ali Khan:** I am not in a position to tell my friend the exact cost. All that I can say is that it will be very much less than what he has calculated.

**Shri Mohan Lal Saksena:** Am I to understand that the Department did not have it worked out?

**The Honourable Mr. Liaquat Ali Khan:** I said I cannot give the cost now. If my honourable friend had given me an indication that they would ask the cost of that I would have got the figures.

Then, my honourable friend Mr. Subedar raised another point. He said that we have not been able to tell him as to how much silver we have received back since we introduced the nickel eight anna and four anna bits. They have been in circulation for a very short time and we have not really received very much back so far, and it will not be till these coins are demagnetised. Only then will we be able to really know how much of it will be received. But on the basis of calculations we have made, as I pointed out this morning, we hope to get more silver out of our present coinage which is in circulation—I mean the silver coinage or the half silver or quaternary silver coinage—than what we owe to the United States of America.

**Mr. Manu Subedar:** May I enquire what the Honourable the Finance Minister proposes to do with the rest? I can tell him the figures. The total amount of rupees in circulation is estimated at anything between 300 to 400 crores of rupees. The total amount of silver we want for repayment to America is 50 crores of tolas. On full value it will be something about a quarter of the total rupee coinage that he is recalling, with the result that three quarters will be left with him after America has been paid.

**The Honourable Mr. Liaquat Ali Khan:** I am not prepared to disclose at this time as to what the Government will do with the silver that it may receive. But one thing is certain. It will be the property of the country. I do not think that any of the Honourable Members would expect me to say at this stage as to how that extra silver after we have paid back to U.S.A. the loan of silver that we took from that country, will be used. I am afraid I am not in a position to say that today.

**Babu Ram Narayan Singh:** May I interrupt the Honourable Member for a minute? Our currency was not an independent one. It was linked with the British sterling. By the recent legislation you have delinked it. What will be the value of our rupee in relation to foreign currency? That is one question.

Another question is: is not the inflation prevalent today due also to the circulation of token currency?

**The Honourable Mr. Liaquat Ali Khan:** With regard to the first point, the value of our rupee is the same today as it was before that Act was passed amending the Reserve Bank of India Act. It is the same. As I said, since we have become a member of the International Monetary Fund, now the currency of this country is valued in terms of gold. All the currencies of all the countries that are members of this International Monetary Fund have got a certain ratio *vis-a-vis* each other and *vis-a-vis* gold. With regard to the other point, it is not a question of metal rupee, silver rupee or gold rupee. If there is more currency in circulation then naturally there is inflation. Whether you put out silver rupees in circulation or paper rupees or nickel rupees it does not matter. It all depends on how much currency you want in the country. As the amount of silver is limited and the amount of gold is limited, every country has got to resort to paper currency. Those days when people used to really take into consideration the value of the coin whether it was of gold or silver, are gone. Nobody considers nowadays whether it is gold or silver apart from the fact that it has certain sentimental value. I certainly have very great respect for sentiment. But, as I said earlier in the debate, I think we should be wisely guided with regard to our sentiments and not be sentimentally guided with

[Mr Liaquat Ali Khan.]

regard to our wisdom. Therefore I believe and I think there is a very strong opinion in favour of this belief that this change that I am proposing will be ultimately for the good of this country as a whole.

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

“That the Bill be passed.”

The motion was adopted.

### CAPITAL ISSUES (CONTINUANCE OF CONTROL) BILL

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

“That the Bill to provide for the continuance of control over issues of capital, as reported by the Select Committee, be taken into consideration.”

Sir, Honourable Members must have noticed that there are certain important changes that the Select Committee has made in the Bill which was introduced the other day. One of the important changes that the Select Committee has made is that the period of its continuance has been reduced from five to three years. The other change which to my mind is a very significant change is the one that there shall be appointed by the Government an advisory committee consisting of not more than 5 members to advise Government as regards the administration of the Act. This change has been made because we felt that there was a feeling in this House as well as outside that in the matter of issue of capital, care was not taken with regard to different cases which came up for consideration by the Capital Issues Department, which should have been taken. I feel that the appointment of such a committee, and I may here point out that it is my intention to associate members of the Central Legislature with this committee, would be helpful to the Government in administering this Act and this committee would be able to bring to the notice of the Government any difficulties that may be experienced by people applying for capital issues. When I moved a motion asking for reference of this Bill to Select Committee, I pointed out that it was necessary for the Government to have this power and I need not repeat what I stated on that occasion. The Bill as it has emerged from the Select Committee is to my mind a great improvement. I want Honourable Members of this House, especially to recognise the introduction of this clause for the appointment of an advisory committee and I feel confident that in future there would not be so many complaints with regard to the administration of the powers for capital issue as there have been in the past. Sir, I move.

**Mr. Deputy President:** Motion moved:

“That the Bill to provide for the continuance of control over issues of capital, as reported by the Select Committee, be taken into consideration.”

**Mr. Manu Subedar** (Indian Merchants' Chamber and Bureau: Indian Commerce): I am very happy that I am once again on my legs supporting the Honourable the Finance Member. I think the House will appreciate very much that the suggestion which I had the temerity to put forward, namely, that the administration of the Capital Issues Department, in order that it may not be misunderstood, in order that it may get co-related with public opinion and that those whose applications were turned down may have a reasonable feeling that justice was done to them, should have associated with it an advisory board, has been accepted by Government. I am very happy that the Finance Member has found it possible to accept that suggestion and in my opinion that improves the Bill enormously.

Now, Sir, if I may say so, this is one of the heritages of the war. There have been other heritages and in that process of transition from war adjustment to life in peace time we have not only to take the measures but we have

to beat them into proper shape and to see that they are useful and we have to get them in co-relation with other activities and it is this aspect of it which is purely an administrative aspect on which I wish to detain the House for a couple of minutes.

I mentioned that joint stock enterprise is one of the most important things in the life of any country. When comparing two countries if you take the number of joint stock companies in one per head of population and compare it with the other, I think you will be generally safe in making a judgment as to which of them is more advanced. This form of enterprise is important. It has fortunately grown in our country and it is the duty of Government—and I am sure they all recognise it—to see that this particular type of enterprise is not impeded unfavourably or unnaturally anywhere. On the other hand, it is also the duty of Government to see that this particular facility of limited liability which has been provided by law is not abused by any promoters or any enterprising people who make use of this particular mechanism in order to put public money in their own pocket. I have always welcomed anything which will improve the organisation of joint stock enterprise in this country. I do not mind telling the House that I made myself thoroughly unpopular with managing agents and rich men and company promoters and directors in the city of Bombay by my persistent advocacy of the abolition of the managing agency system, a system which does not exist anywhere else in the world and which eats up too much of the profit and substance of a company, prevents the money falling in the hands of shareholders and then prevents the flow of capital into enterprise. Although I have been advocating this since 1916 and some improvement has taken place, a good deal still remains to be done. Even this morning you might remember that I brought up an issue in which there was a question of the revision of the company law. The company law has been revised in England long ago. It has been revised twice in the last 25 years. Here it has not been revised except once and there are many points which need revision. No private individual is impeded in his effort if he wants to start anything up to any amount. Men in partnership can start anything with their own money. The licence is confined in this case, it will be noticed, only to enterprises in which public funds are secured and the organisation of business is on the principle of limited liability and joint stock company.

Now, Sir, one thing is very important. I did mention it before and I will mention it again. What is the significance which the public attach to licences given by Government? In the second place, promoters are not above representing to the public in prospectuses and certainly in private conversation that this is a company approved of by Government because they say—look, I have got a licence. That is an evil that can be put right by vigilance of the Reserve Bank and of the Registrar of Joint Stock Companies and by other parties and Government officials at the great capitals and monetary centres. Then something has to be done and in my opinion that has to be co-related with the activities of the Registrar of Joint Stock Companies. The Registrar of Joint Stock Companies functions under the Commerce Department. This particular activity is under the Finance Department and the Reserve Bank is not yet nationalised, and is therefore a private body, and there are certain function in connection with the joint stock banks which the Reserve Bank is going to perform. In other words it seems to me that there is a certain amount of scattered effort whereas it is very necessary and useful that such effort should be concentrated, and I feel that this is not a wrong occasion when I can put a suggestion for the consideration of Government and for their examination as to whether something cannot be done in order to co-relate the control of joint stock enterprise in this country not merely in the matter of capital issue as this Bill provides, but in several other matters in which it exists at present but is not fully enforced. There are things which are prohibited by law but which it is not possible for the Company Registrar with a very meagre staff with him

[Mr. Manu Subedar.]

to enforce. He receives the report once a year. He also receives the shareholders register and the names of the directors but he is not in a position to scrutinise the papers given to him and to raise issues. He has no time and no staff and in some cases he has not got the power. I do not see why these powers should not be brought into existence.

Now, Sir, it is necessary to correlate our economic life altogether. I raised the other day the question in this House of the amount of money paid by joint stock companies who had received licences as to where they buy the machinery from and whether the Government had any knowledge of the amount of price which they have to pay. Now, it has come to my notice that there are many concerns and many unwise promoters and managing agents and directors who are placing orders recklessly, sometimes at four times the original war price and sometimes they are buying material which might have been picked up from the continent of Europe, painted green and marked 'Made in the United Kingdom' and sent down here. What is the safeguard that this Government is giving to public funds and to see that there is no wastage and extravagance on the part of the private promoters when they make capital purchases abroad? Government will say: "We have not got the machinery and we have not got the equipment." I say examine the question as to whether it is not possible—I think it to be very desirable—to put in some machinery and equipment in order to check the private squander mania. It is not altogether private because in the case the firm which I mentioned these are public funds which the directors have got hold of and which they are spending. I want to know whether this squander mania which is indulged in by these people cannot be checked by some kind of mechanism which this Government can set up. It will be recalled that at the end of the last war as many as 900 companies went into liquidation. They were sold out and public funds amounting to, I think, 300 to 400 crores of rupees were lost. The shareholders lost this money, but the directors and promoters and the managing agents did not suffer equally. They suffered a little less than the shareholders, who lost everything. Now, I want to know whether having been stung once after the last war, whether this Government has got any equipment or machinery in order to prevent a like catastrophe after this war? This I regard as one of the useful measures which would to some extent enable Government to have knowledge of what is happening or what is proposed to be done by those who come for licence of capital issues and who are about to promote new companies. But this is only one part of the whole story. My suggestion to the Honourable the Finance Member is that he should have carefully examined not merely in his own Department, because his Departmental Secretaries are going to say: "This is not our subject and this is not done in our Department." But I put it forward as a representative of the taxpayer and of the public that the healthy condition of the joint stock enterprise in any country is a desideratum, and it is very important for the life of the people and it is in accordance with the professed object of Government themselves. This is one of the means towards that end but by itself it is not adequate. So, I recommend to Government to have this matter examined. In the meanwhile, so far as this Bill is concerned, very considerable improvement has been made in the Select Committee and I have great pleasure in supporting it.

**Sri M. Ananthasayanam Ayyangar** (Madras Ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, before this Bill was referred to the Select Committee, I was not in favour of it for the simple reason that originally it was conceived as a purely war measure and there was no justification for its continuance after the war was over. There are two other controls which this Assembly has passed—the foreign exchange control and also the import and export control. At first they were the controls under the Ordinance but which

were later on passed as Acts by this Legislature. So, we have given power to the Executive for particular periods to control both imports and exports, and whatever controls are allowed to that extent control foreign exchange also. In view of those two controls which have now become the Acts of the Legislature, I thought it was unnecessary to have control over the capital issues, at least in so far as British India is concerned. That portion of it is necessary which relates to the control of capital issues outside India because we know that nearly a month ago our Honourable friend Mr. Vaidilal Lallubhai tabled a Resolution here that foreign capital ought not to be allowed to come here and foreign capitalists should not be allowed to enter into partnerships, so that they may acquire control and dominating voice in various industries in this country. (If shares are allowed to be sold by any company outside India, they may work to the detriment of the development of this country.) Other foreigners who are not the nationals of this country may have a leading or dominant voice in the administration of those industries. I hope the Government would take care to see that normally capital issues are not allowed to go outside this country.) So far as the issue of capital issues inside this country is concerned, I have my doubts as regards the working in view of the fact that the control was not properly exercised in the early stages. Take, for instance, the vegetable *ghee*. A number of vegetable *ghee* plants have been allowed to come here and companies have been allowed to start. But the Government did not care to find out whether the production of this vegetable *ghee* would be in the best interests of this country. Nutrition experts are still making researches and they have not yet come to any conclusion and the best opinion that we have is that it is not in the best interests of the country. It is deleterious to health to eat vegetable *ghee* and the production of regular *ghee* alone is proper. So, in spite of the fact that the control had been given to the Government, they did not exercise it properly. They have got plans as to what kind of industries are to be started instead of concentrating their attention on the availability of raw material and labour. At the present moment, I do not see that there is an organised plan in the whole of India. So, in the absence of such a plan it will be very difficult to control the capital issues. That is what I have been urging and the Honourable the Finance Member said the other day that as we insisted upon a debate in the House on the food situation, so we should ask for a particular day or days to discuss the question of a regular plan for the whole of the country regarding industries. It is open to him as a Member of the Government to have a day or days allotted for the purpose of working these three controls which we are now placing in the hands of the Government and to see that they are worked properly.

Sir, I welcome the institution of an Advisory Committee which the Honourable Member accepted willingly. Not only the issues of capital should be referred to that Committee but other controls should also be correlated. They should know in what matters imports ought to be allowed and for what purposes. All these things are akin to one another and are very closely connected. For example, a company is started in this country for the production of a particular material and capital has got to be provided for that company. Under this Bill, that matter comes up for consideration by this Committee. Then they have to import certain kind of machinery from foreign countries. That comes under the Import and export control order. As regards the availability of foreign exchange control, it comes under foreign exchange control order. All these three are intimately connected with one another. These matters should be put before the Advisory committee and their advice taken. I want the Government also to guard against one difficulty. So far as textile control board is concerned, people have not been satisfied about the working of that Board so long as the Textile Control Order was in force. I believe this Board is still working and it is manned by certain industrialists. A number of people from my part of the presidency are also there. I do not like the blind way in which the Government follow their advice. There should be

[Sri M. Ananthasayanam Ayyangar]

advisory committee all right, but he ought to be slow to take their advice. He should exercise his own judgment. Whereas I was a protagonist of the introduction of advisory committees in the Bill giving powers, once after it has been established, I am anxious that Government should be chary in taking their advice. The advisory committee might err on the other extreme. There is that danger. I hope the Honourable the Finance Member with his usual skill and patience would go into each individual case of injustice and would not merely be led by the nose by these advisory committees. As regards the period of years, no doubt we suggested that it may be for a couple of years in the first instance and then extended from year to year for a period of five years. The Honourable Member suggested that at the end of five years, the control need not be in existence, three years would be normal enough, but the Government may extend it in case of necessity. Sir, I support the motion for consideration.

**Pundit Thakur Das Bhargava** (Ambala Division: Non-Muhammadan): (The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 10th April 1947. English translation given below.—*Ed. of D.*)

Sir, When during the war the Ordinance of capital issues was passed a hue and cry was raised in the whole country. At that time the controlling agency was a foreign government. Everybody thought that if the foreign government brought the Ordinance into operation it would have power to allow according to its sweet will, whatever industry it chooses, to prosper and it would allow to waste whatever it did not want to flourish in the interest of its home country. Thus Indian industry would suffer. The Ordinance was at first enforced in British India only but later on it was amended to include the Indian States also. Now, it is the time of the Interim Government, who desire to alter this war measure into a peace measure. We have not that fear now that this law will be used against the interests of our country. On reading the provisions of the Bill, however, it becomes apparent that it is indeed a great blow to the freedom enjoyed by the people before this Ordinance. If the Bill is not passed some people who want to engage in trade or industry would be free to employ their capital as they pleased and establish wherever and whatever industry they thought was profitable to them. This Bill restricts this freedom—nay on reading the other provisions of the Bill it becomes clear that no person will be allowed to purchase the shares of a company until that company has received permission to issue shares for sale. Any person contravening this law shall be punished by one year's imprisonment. It means that until the Government permits nobody could purchase a five-rupee share of such a company. In one way this law is against individual liberty and logically it compels us to such an extent that we should rise against the restriction which this Bill seeks to place on the liberty of Indians. I find no difficulty in understanding that Indians should have no scruples in sacrificing their individual interests to the interests of the community. I think it is proper for the Government to guide the people in this connection telling them which company should undertake which industry as its business. It was just stated here as an example that permission to factories for the manufacture of *vanas-pati ghee* was a mistake because it caused a great harm to the public health. Consequently, Government should not accord permission to such companies as would work against the interests of the people in general. They should control the formation of companies as it was done in 1933 in U. P. when sugar industry was started and it was feared that more factories than are required would be established. Thus, if the Government desire to control the Capital Issue, it has a reasonable ground for it and reason supports the argument that there should be no objection in giving power to the Government. The objects for



which the Bill has been presented are given in the Statement of Objects and Reasons and are as follows:

"Although there has been appreciable change for introduction of control during war time it is thought in the light of experience gained that control is still necessary to secure balanced investment of country's resources in industry, agriculture and social services."

So far as the above object is concerned Government should be given power to control Capital Issue. I don't see in the Bill any sort of restrictions for reasons of which I should oppose the Bill. But, when I go through its provisions I feel compelled to say that it contains things which reason cannot easily acknowledge. For instance, the greatest need of India today is to establish all possible industries as speedily as it can be done. In connection with the Bombay Plan it has been announced that it requires one thousand crores of rupees. There should be no play of scruples in obtaining capital from wherever it can be had. Other backward countries borrow from other countries for this purpose. A poor country borrows from a prosperous country to establish industries. Thus if capital comes from outside there should be no objection in taking it. I understand that in some particular cases Government may not allow the foreign capital to come in. Mr. Ayyangar just said if foreign capital was allowed to come in foreign capitalists will try to establish their power and influence in the country. So far, therefore, as the foreign capital is concerned the Government should have full power to impose special conditions under which the foreign capital may be allowed to come in the country. If they establish an industry of their country here it should be for the benefit of this country and not for gaining influence to create difficulties in the future. I, however, do not want that in India, Indian capital should be given the same treatment as is given to the foreign capital. This Bill seeks to establish this distinction and in future under the provisions of the Bill nobody from British India would be allowed to purchase shares in an industry carried on in a state nor would the people of Indian States be allowed to purchase shares in industries established in British India. If persons from British India would go to an Indian State to establish some industry they will be losers under the provisions of this Bill notwithstanding that establishment of industries is a profitable avocation and is good for the interests of India. Thus to divide India into British India and Indian States in the matter of capital would be harmful from the point of view of both economics and politics. I know that British India has power to pass a law for the British India to control the capital of the Indian States; but in the same way the Indian States will have the right to pass a similar law in connection with British Indian Capital. I should call the attention of the Honourable the Finance Member to the fact that the discrimination that he has made in the capitals of British India and Indian States has not been observed by any of the Indian States. If laws were passed against the States they would retaliate and pass laws against British India, with advertence to the whole of India consisting of British India and the Indian States it would not be proper to adopt a policy which would restrict the free flow of capital between British India and the Indian States. If you will pass such a law the States will be free to retaliate. It is certainly not desirable, then why do you start it and give an opportunity to the States to pass laws against you. It does not require elaboration how the frontiers of British Indian and the States meet together how their interests are intermingled. There are numerous persons who live in British India and have their property in the States. Similarly, States people have property in British India. If a new industry is started in U. P. what harm is there if the people of Rampur State purchased shares in it? If a mining industry is started in Jaipur which is famous with respect to its mining resources, will it be restricted to the people of Jaipur State only? Will not people of India be allowed to start mining industry in that State? The people of British India and those of States will not be able to join together for the purpose of starting a company nor will they be able to purchase shares of each other's company. I understand that

[Pundit Thakur Das Bhargava].

the Constituent Assembly is framing a new constitution for India and many Indian States are participating in it. It is therefore desirable not to make a law which discriminates between the capital of British India and that of Indian India. In India, I mean both British India and Indian India different raw materials are found in different parts of the country and similarly conditions for a particular industry are favourable in a particular part it is therefore necessary that particular industries should be established in those particular parts, so that the articles may be turned out as cheaply as possible. Considering the interests of a united India it is highly undesirable to separate the States from British India. Therefore, the word "outside British India" wherever it occurs in the Bill should be deleted. I have submitted an amendment in this connection. Section 3 (3) lays down that no person can buy shares in a company of an Indian State which has not obtained recognition from the Government. This is a great restriction and no case has been made out for it in the Bill. I should like to ask what was the necessity for this section? Do people think that capital from British India was going to the States? Has British India come to a condition where people complain that their government would not allow them to engage in an industry and so they should transfer their capital to States? Today no such complaint should arise because we have a national government and its Finance Minister says that they want to promote national industries. I have no fears about the capital from British India. It can never fly to the States. On the other hand I believe that capital from Indian States will come here. We should not look at this matter with a narrow point of view. I know that the welfare of British India means also the welfare of the Indian States and *vice versa*. If, however, we look at it with a narrow point of view even then we find many possibilities of States capital coming to British India. Almost all the Rajas and Maharajas want to purchase property for themselves in British India because they think that there is greater security in British India. I do not want that a law should be passed making any discrimination between the States and British India. I want to point out that restrictions laid down in the Bill will produce a host of difficulties in practice. For instance, if any person from British India or from an Indian State who is working in a factory in the other's territory purchases a few shares in that factory he will be liable under section 13 to be punished with imprisonment. I want to point out with due deference that it will be such a stringent measure as was never framed before. No reason has been given as to the need of this measure. I don't find any necessity for it and therefore oppose it.

I now draw your attention to two or three small things. Whenever a question of this kind is asked in the House, the invariable answer comes that these provisions have been enacted in the past; why should we change them. You will find in the Bill that all crimes enumerated in its sections 3, 4 and 5 are punishable under its section 13 with imprisonment. I have already stated my reasons at the time of discussion on other Bills and I have no mind to repeat all of them here but I must point out that no distinction in punishment has been made out between a person who starts an unrecognized company and collects *lakhs* of public money and a poor shareholder who purchases a share of Rs. 2½. It is given in Bentham's "Theory of Legislation" which I quoted once before that if a person is liable for an offence to the punishment of a slap in the face he should not be punished with whipping. The legislation should suit the punishment to the offence. If a person receives punishment of an year's imprisonment for big and small offences why should he not commit the big offence when he knows that the punishment is equal in both cases. This is an argument by the famous jurist Bentham. If you say in reply that courts will discriminate and give punishment according to the offence, if that be the answer, why don't you, then, prescribe death penalty for all offences. You

would say that courts are not blind and that they would discriminate between big and small offences. I may ask, with due deference, why in the 511 sections of the Indian Penal Code different punishments are prescribed for different offences?

**The Honourable Mr. Liaquat Ali Khan:** As there is a lot of important business of the Government that has to be gone through, I would request you, Sir, to fix Saturday also as the day on which the Assembly would sit.

**Mr. Deputy President:** As Government business may not finish tomorrow, therefore Saturday will be a working day. The concurrence of the Honourable the President has been taken. The House now stands adjourned.

The Assembly then adjourned till Eleven of the Clock on Friday the 11th April, 1947.