

31st March, 1947

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

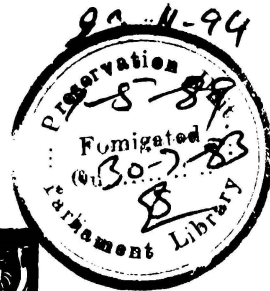


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Volume IV, 1947

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

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



LEGISLATIVE ASSEMBLY

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Sardar MANGAL SINGH, M.L.A.

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# LEGISLATIVE ASSEMBLY

*Monday, 31st March, 1947*

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

## MEMBER SWORN :

Mr. S. Bhoothalingam, O.B.E., M.L.A. (Government of India): Nominated Officials.

## STARRED QUESTIONS AND ANSWERS

### (a) ORAL ANSWERS

#### PRODUCTION OF STEEL IN INDIA SINCE 1939

1266. \*Mr. Manu Subedar: (a) Will the Honourable Member for Industries and Supplies please lay on the table of the House a statement showing the annual figures for the production of steel in India since 1939?

(b) What is the reason for the reduced production during 1946-47 compared to the previous years?

(c) What steps are Government taking to increase the production of steel?

(d) In what directions is the total steel produced distributed?

(e) What steps do Government propose to take to meet the complaint of non-availability of steel for building purposes?

The Honourable Sri C. Rajagopalachari : (a) A statement is laid on the table.

(b) The reasons are—(1) Transport difficulties, (2) Labour unrest and strikes.

(c) Attention is invited to the answer given by me on 13th March to part (d) of the Honourable Member's Starred Question No. 902.

(d) Full information is given in the Press Note which was issued by my Department on 6th November 1946, a copy of which is laid on the table.

(e) A quota of 250,000 tons of steel will be allotted to the Provincial Governments during the current year to meet the requirements of the public for agricultural implements, house-building, and small consumers. This quantity is being made available at the expense of certain development schemes and although the demand is presumably greater, this is the maximum that Government can hope to provide at this stage. Government is fully aware of large house-building activities in and around industrial centres where property prices are soaring high. Endeavours are being made to increase the availability by imports on Government account, and import licences are now being issued freely in favour of genuine consumers—including house builders who can obtain firm offers of steel from foreign countries either direct or through importers. A Press Note which was issued by my Department concerning imports is placed on the table.

## STATEMENT I

Year	Production in Tons
1939 . . . . .	8,42,905
1940 . . . . .	10,33,784
1941 . . . . .	11,37,650
1942 . . . . .	10,70,451
1943 . . . . .	11,66,204
1944 . . . . .	10,59,292
1945 . . . . .	10,69,045
1946 . . . . .	9,00,000

## STATEMENT II (a)

With a view to ensuring a fair distribution of iron and steel, of which there is great shortage in the country, the Govt. of India have decided in consultation with the provinces, to introduce immediately a new scheme of allotment.

In this scheme, the allotment to the general public has been nearly doubled in comparison with what has been available to them since the end of the war.

According to the scheme, all the available iron and steel will be divided into two quotas one for the Railways and the other for industrial and civilian needs. The Railway quota will be operated by the Railway Board and the other by the Iron and Steel Controller.

India's production of iron and steel for 1947 is estimated at 900,000 tons. Although capacity exists for 1,200,000 tons, failure of adequate supplies of metallurgical coal and the increase in Labour troubles have lowered and are still hampering indigenous production. As there is world shortage of iron and steel, imports into India during 1947 may not be more than 150,000 tons. Allotments for 1947 would, therefore, be: Railways—300,000 tons; Iron and Steel Controller—750,000 tons.

The Iron and Steel Controller's quota will be for specific allotments during 1947 of (1) 150,000 tons for Industrial maintenance and packing purposes, (2) 210,000 tons to steel processing industries, (3) 80,000 tons for the development schemes of the Central, Provincial and State Governments, (4) 50,000 tons to the development of private industries, (5) 250,000 tons to the public including small-scale manufacturers of consumer goods in provinces and States, and (6) 10,000 tons for export, which will be reduced to an absolute minimum and allowed only on the orders of the Government.

The allotment to steel processing industries will be effected on the advice of the Director-General, Industries and Supplies, and with the cooperation of Trade Associations where they exist. The distribution of steel for industrial maintenance and packing will also be done mostly through Industrial Associations of Government authorities concerned with such industries. As regards Government development schemes, the Departments will send a programme of demands relating to various categories of steel required for each period of 1947. If available, steel will be allotted to cover all the programmes, otherwise the Controller will submit the case to the Government for priority decisions.

*Aid of Private Industry*

In order to aid private industry in the establishment of new factories and production units, a separate allotment has been made. The distribution of this will be made by the Iron and Steel Controller on the advice of Departments concerned. The Electrical Commissioner Simla, the Coal Commissioner Calcutta, the Textile Commissioner, Bombay, the Iron and Steel Controller, Calcutta, and Development Officers in the Directorate General, Industries and Supplies, New Delhi, will be the sponsoring steel authorities in respect of electrical installations, textile mills, collieries, iron and production and other industries respectively. These authorities will arrange the demands in order of priority and send them with their recommendations. If the demands exceed the allotment the Iron and Steel Controller will obtain a priority decision and distribute the available steel accordingly.

Iron and Steel for the public will be allotted to individual provinces and States after taking into consideration the pre-war distribution of steel, area and population and other factors. Normally the allotment will be made available through the registered stock-holders. Members of the general public requiring steel will have to apply to the Provincial officer concerned for a permit. On the authority of the provincial permits steel may be obtained from the registered stock-holder named in the permit.

## STATEMENT III (a)

## MORE FACILITIES FOR IRON AND STEEL IMPORTS—NEW PROCEDURE OUTLINED

The Government of India have decided to give more facilities for the imports of iron and steel, with a view to improving their short supply in the country.

Accordingly, import licences will be issued freely to genuine consumers in respect of all categories of iron and steel included in the Second Schedule to the Iron and Steel (Control of Production and Distribution) Order, 1941, except tool and alloy steels, jute and cotton baling hoops. They should, however, obtain firm offers from any foreign country and give an undertaking not to re-sell the steel they import. Applications for import licences should be made to the Controller of Steel Imports, 100, Clive Street, Calcutta.

Persons or firms who are the accredited agents of foreign manufacturers (not shippers or exporters) who receive definite offers for export to India in 1947, should approach the Department of Industries and Supplies, Jaisalmer House, New Delhi, with proof of their appointment as manufacturers' agents and details of offers. It will then be decided whether the import should be allowed on Government account or offered to consumers direct. If the latter course is adopted import licences will be issued in favour of the consumers who take up the offers and give the necessary undertaking.

Persons and firms, other than consumers or foreign manufacturers' agents, who claim to have received definite offers should make arrangements to have the offers taken up by consumers to whom import licences will be issued in accordance with the procedure mentioned above.

Department of Industries and Supplies

New Delhi, dated March 14, 1947.

**Mr. Mauu Subedar :** Has the Industries and Supplies Minister examined the conditions under which steel licenses are to be given to genuine consumers only and in view of the difficulties of the ordinary steel consumer whose demand is very small and also in view of the fact that he is not in touch with foreign supplies and does not know of the banking, shipping and other problems involved in foreign supply, will Government examine whether the normal trade channels could not be given these licenses, subject to Government control of the steel when it arrives in this country ?

**The Honourable Sri C. Rajagopalachari :** Yes, the Government is prepared to examine the suggestion.

**Seth Govind Das :** With respect to the reply to part (c) of the question may I know whether the Government is aware of the fact that there is a possibility of a big steel production factory being erected in the Central Provinces and has Government received any communication in this respect from the Central Provinces Government ?

**The Honourable Sri C. Rajagopalachari :** Government has considered the question of opening their own factories for the production of steel and in consultation with Provincial Governments these schemes will be planned and developed.

**Seth Govind Das :** I wanted to know whether the Government of India have received any definite proposal from the Central Provinces Government about the possibility of having a Government factory in that province, which has a much greater chance of success than even the Jamshedpur factory ?

**The Honourable Sri C. Rajagopalachari :** Unless the Honourable Member means by definite plan nothing more than a letter in which they say that they will have the factory in a particular area, I might tell my Honourable friend that perhaps such a communication has been received from the Central Provinces



Government. But that particular area is kept in mind in the proposals that I have already referred to, as having been definitely decided upon by the Government of India. In consultation with Provincial Governments suitable sites or centres will be selected for opening such steel production factories.

**Mr. Yusuf Abdoola Haroon :** May I know whether Government propose to lay down a uniform policy for those buildings which are not in the industrial area and which are half completed, whether those buildings would be given priority to finish their work first ?

**The Honourable Sri C. Rajagopalachari :** On the question of priorities if you take up a particular question it looks as though it should have the first priority but if my Honourable friend will have all the claims before him, he will see that the rules already made by Government in regard to priorities are very fair and cannot be improved upon.

**Mr. Manu Subedar :** Are Government aware that a certain number of rolling plants in this country which can produce steel useful for building purposes are remaining idle, because they do not get billets ? Will Government examine this position again and see which of them could be put into operation ?

**The Honourable Sri C. Rajagopalachari :** That is quite true : it is the shortage of raw materials that is keeping some of these re-rollers idle or at least relatively idle. Therefore it is the short supply of the raw materials which we have to tackle and that is why we have gone into the question of state production of steel and that is being actively pursued. But it is not a short term programme and therefore imports are now freely to be permitted and as to whom licenses should be given for imports is a matter for consideration.

**Mr. Sasanka Sekhar Sanyal :** In the matter of provincial quota do the Government of India take any steps to see that the distribution is done fairly and if there are cases of discrimination what steps do Government propose to take to deal with the matter ?

**The Honourable Sri C. Rajagopalachari :** There is nothing unfair in the distribution among provinces. If there be, the only step the Government can take is to make it fair or correct the unfairness.

**Prof. N. G. Ranga :** In regard to this matter of state production of steel, will Government consider the advisability of giving first priority to the starting of a state factory in Rayalaseema which suffers from frequent famines and therefore unemployment ?

**The Honourable Sri C. Rajagopalachari :** I am sorry I do not follow the connection between famine and steel.

**Prof. N. G. Ranga :** My Honourable friend himself suggested that these factories should be started at suitable centres. In view of the fact that the Jamshedpur factory is already there to serve Bihar and the Untied Provinces so far as the provisions of employment and exploitation of iron ore are concerned, will Government consider the desirability of giving priority to the starting of a factory in Rayalaseema ?

**The Honourable Sri C. Rajagopalachari :** Government has decided that no priority should be given to private promoters of companies for steel in this connection and if it is a question of Government undertaking the work, there is no question of priority. They will select the places where it is most likely to be successful and useful all round and in the matter of the selection of sites, all considerations including the need for employment of the local population also will be taken into account. But by far the largest and most important consideration

would be the transport of raw material necessary for production, namely coal and ore.

### LICENSES FOR NEW COTTON MILLS IN INDIA AND INDIAN STATES

**1267. \*Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable Member for Industries and Supplies be pleased to state the number of licences issued for the establishment of new cotton mills in India, giving separately the number issued to the Indian States?

(b) What steps are being taken by Government to make the necessary machinery and other equipment for the above mills available and what facilities are being given by Government for starting these mills at an early date?

(c) Do Government propose to consider the question of giving fresh licences for the establishment of new cotton textile mills; if so, how many for British India and how many for the Indian States?

(d) What is the number of looms and spindles required for the new textile mills for which licences have been given?

**The Honourable Sri C. Rajagopalachari :** (a) 119, including 34 for States.

(b) Import licenses have been given by Government to the persons concerned and it is for them to make arrangements for rapid delivery by the manufacturers with whom they have placed their orders. As regards other facilities, the attention of the Honourable Member is invited to my reply to part (d) of starred question No. 11 asked by Seth Govind Das on the 3rd February 1947.

(c) Not at present, Sir. But the position will be reviewed when prospects of securing machinery improve.

(d) 2,180,531 spindles and 33,595 looms.

**Mr. Ahmed E. H. Jaffer :** In view of the fact that machinery is available in America may I ask the Honourable Member whether he is prepared to release the required number of dollars for the purchase of the machinery in America?

**The Honourable Sri C. Rajagopalachari :** Purchasing machinery in America is already open to persons under the provisions already published by the Government. As regards release of dollars I would ask the Honourable Member to put the question to a different Department.

**Seth Govind Das ;** Will the Government see that those new mills are not allowed to start their work unless they provide new pattern of labour quarters in their factories?

**The Honourable Sri C. Rajagopalachari :** That would be one way of controlling expansion.

**Mr. Vadilal Lallubhai ;** May I know from the Honourable Member as to orders for how many spindles have been placed and how many spindles have arrived?

**The Honourable Sri C. Rajagopalachari :** Notice, Sir.

**Mr. Yusuf Abdoolla Haroon :** May I know from the Honourable Member with reference to part (c) of the question as certain provinces who had been allotted a certain quota have refused those licences, whether the Honourable Member thinks it would be possible to give these licences to other Provinces who are in need of cotton mills?

**The Honourable Sri C. Rajagopalachari :** This has been agitated so often in this House that I need hardly, without notice, go into a question of the kind once again.

**Sri M. Ananthasayanam Ayyangar :** May I ask how many of these mills are spinning mills and how many cloth mills ?

**The Honourable Sri C. Rajagopalachari :** I could easily answer the question if that had been put to me. If the Honourable Member wants the classification I would require notice.

**Sri M. Ananthasayanam Ayyangar :** May I ask the Honourable Member in view of the debate we had in the House regarding the want of sufficient yarn for handlooms whether he would advise that in respect of all the yarn that is produced in the new spindles priority be given to handlooms ?

**The Honourable Sri C. Rajagopalachari :** I am prepared to answer this on a separate question.

**Sri M. Ananthasayanam Ayyangar :** One more question, Sir. In view of the statement that the Honourable Member made regarding the location of industries relating to steel, in places where the raw materials are available will he consider the suggestion that he should try to locate some of these mills in cotton growing areas like Rayalaseema ?

**The Honourable Sri C. Rajagopalachari :** All these considerations were well before the Panel which went into the question and I would ask the Honourable Member to read the Report of the Panel, and he will get all the answers which he wanted from me.

**Mr. Vadilal Lallubhai :** In view of the fact that the orders for all these machinery were placed more than two years back but the machinery are not yet being supplied by the U.K. manufacturers, will the Honourable Member take up the matter with the textile manufacturers in England ?

**The Honourable Sri C. Rajagopalachari :** With the textile machine manufacturers in England ?

**Mr. Vadilal Lallubhai :** Yes.

**The Honourable Sri C. Rajagopalachari :** A Sub Committee went representing the Honourable Member's community of textile manufacturers here and that Committee has gone and dealt with the textile machine manufacturers in England and has come back with a concrete agreement. They are also having contacts there with the machine makers to supply them immediately. Everything that is possible and businesslike is being done. There is an agency in London to help all manufacturers in this matter.

**Lala Deshbandhu Gupta :** Have Government received any information to the effect that in view of the new taxation proposals some of the licensees do not propose to avail themselves of their licences to import cotton machinery ?

**The Honourable Sri C. Rajagopalachari :** That is a mere guess. I am not aware of that.

#### PROPOSED INTRODUCTION OF MESSAGE RATE SYSTEM OF CHARGES FOR TELEPHONES IN POONA, BOMBAY AND DELHI

1268. \***Mr. Ahmed E. H. Jaffer :** (a) Will the Secretary of the Communications Department be pleased to state whether it is a fact that there is a proposal to introduce a message-rate system of charges for telephones in Poona, Bombay and Delhi?

(b) If so, what are the charges fixed per call and the monthly rental per telephone for residence and office use?

(c) When is this system expected to come into force?

(d) Are Government aware that there is opposition from commercial organizations, public institutions and private individuals to this scheme and if so, what are the reasons for introducing the message-rate system?

(e) Are Government aware that this scheme will affect the business community and newspaper agencies?

**Mr. Masarrat Husain Zuberi :** (a) Government has decided to introduce the message rate system of charging at a number of places including Poona and Bombay. The matter is under consideration as regards Delhi.

(b) The charges at Bombay will be a line rental of Rs. 8/- per month and 1 anna per call. At Poona the line rental will be Rs. 8/- per month within a radius of 4 miles and Rs. 2/8/- per half mile thereafter. The call charges at Poona will be 14 calls to a rupee subject to a discount of 12½ per cent. for prompt payment. A surcharge of 50 per cent. will be levied in addition on all the foregoing charges.

(c) In Bombay and Poona the system is expected to be introduced in the course of the year 1947-48.

(d) There is no great public opposition to the measure. Some commercial interests and other concerns have objected to the charge while others are in favour of the message rate system. The reasons which prompted Government to adopt the system are explained in the Press Note issued on 5th June 1941. A copy of that is placed on the table of the House.

(e) No, the payment made by the various classes of subscribers will be commensurate with the extent to which the service is used.

*Copy of Press Note, dated the 5th June 1941*

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

No. RS-3/41 (53)

A few months ago it was announced that the Government of India had decided to introduce with effect from a date (not yet fixed) after the 30th September 1941 the message rate system of charging from telephone subscribers on the Government telephone exchanges at Poona, Cawnpore, Amritsar, Jullundur and Dehra Dun as an experimental measure. This announcement has given rise to a certain number of representations from Chambers of Commerce and from telephone subscribers at these places and these representations have been duly replied to. It seems however necessary to explain in some detail for the benefit of the general public the reasons which led Government to arrive at the decision above referred to.

2. At present, the method of charging telephone subscribers to Government telephone exchanges in India is what is known as the 'flat' rate, that is to say, a fixed monthly or annual rental irrespective of the number of calls made. The other recognised methods of charging are :—

(1) The message rate in which the charges consist of a fixed monthly or annual rental plus an additional charge for every call made; and

(2) The measured rate which is similar to the message rate except that the fixed monthly or annual rental includes a prescribed number of free calls, the additional charge for calls being made only in respect of calls in excess of the prescribed free number.

(3) The cost of providing, maintaining and working a telephone service consists of :—

(a) the initial cost of providing the equipment at the exchange and at the subscriber residence and of connecting the two together and the maintenance of the lines and equipment; and

(b) the cost of the operation.

The former is within certain limits independent of the number of calls made; the latter is to a large extent proportional to the number of calls made in the case of both manual exchanges and automatic exchanges. In manual exchanges the higher the number of calls the more is the number of operators required, in automatic exchanges the higher the number of calls the greater is the amount of equipment required. In all cases the wear and tear in the machinery and in consequence the frequency with which apparatus has to be replaced depends directly on the number of calls made.

4. The flat rate system of charging has usually been adopted in all countries in the early stages of telephone development and it has certain advantages when the public has not yet become fully telephone-minded. As soon as, however, the development of telephones has extended, numerous difficulties arise with regard to the flat rate system of charging. This system encourages the making of unnecessarily numerous number of calls and frequently of frivolous ones. It gives rise to abuses such as the use of one telephone by a number of different persons who club together to keep a telephone as also to the giving of free use of telephones to neighbours and passers by. The excessive rate of calling leads to numerous ineffective calls due to engaged junctions and numbers. Wear and tear of the machinery and equipment and the employment of additional operators increases the costs of the service without any additional revenue to cover it. But the most important point is that under the flat rate system it becomes necessary to charge a high rent from all subscribers in order to cover the cost of the service and this high rental becomes in fact a subsidy from the smaller user to the large user of the telephone. The high rental discourages the small user of the telephone such as small traders, the less prosperous professional man and residential homes from becoming subscribers. Subscribers who in the course of their business have to make or receive numerous calls are reluctant to rent additional lines because of the high initial rental under the flat rate system of charges.

5. The merits of the different systems of charging have been studied extensively in many countries and the flat rate system of charging has now been almost universally abandoned in other parts of the world. The general consensus of opinion is that the message rate is the best in the interests of telephone users as a whole since it regulates the charges according to the use made of the service. In the United Kingdom the flat rate system was in force prior to 1920 but it was abandoned in favour of the universal message rate system. The question was examined by two select committees of the House of Commons which reported favourably on the changes made with regard to the message rate system. The message rate system of charging is in force in India in the cities of Calcutta and Madras. In coming to the decision to introduce the message rate system Government have been guided entirely by the best interests of the telephone users as a whole and they have had no intention of earning more revenue in adopting this system.

6. The message rates proposed to be adopted at present are as follows:—

(a) A connection fee of Rs. 10/- (this is the same as at present).

(b) An annual subscription of Rs. 100/- if paid in advance or Rs. 10/- per month subject to a discount of Re. 1/- for prompt payment. (Under the present flat rate system, the annual subscription is Rs. 192/- if paid in advance or Rs. 20/- per month subject to a discount of Rs. 2/- for prompt payment.)

(c) A charge of one rupee per fourteen calls subject to a discount of 12½ per cent for prompt payment which brings the net charge per call to one anna. These charges do not compare unfavourably with the charges imposed by the Telephone Companies at Calcutta and Madras. The charges have been adopted experimentally and will of course be subject to examination from time to time. It is difficult to make any accurate estimate of the financial effect of these rates and to say whether they would bring in more or less revenue as compared with the flat rate system of charging now in force. Under the new system the large user will of course have to pay more, but that is only fair since the benefit derived by him is greater. On the other hand, the reduced initial charges will encourage the small trader, the small professional man as well as residential subscribers to come on to the exchange and to benefit by the service. The benefits of the service will, therefore, be extended to a larger circle of the public with consequent advantage to all subscribers who will thus be brought in touch with a larger number. Frivolous calls will be cut out, unnecessary calls will not be made and the abuse of clubbing together or of giving free calls to neighbours will be stopped. This will result in an improvement of the service as a whole to all subscribers by reducing the number of ineffective calls due to engaged signals or to wear and tear of the equipment. It must be emphasized that the subscriber pays nothing for incoming calls but only pays for the calls which he makes and which are effective, that is to say, which are answered by the called subscriber.

7. The decision to introduce the new system in a selected number of exchanges is mainly due to the difficulty of obtaining meters in sufficient numbers to equip all Government exchanges at once. The exchanges selected at present for the introduction of the message rate system are those where either the calling rate is excessive and the abuses connected with the present system are suspected to be particularly prevalent or where it is felt that the introduction of the message rate will definitely benefit large numbers of potential subscribers. There is no intention of discriminating against the subscribers of these places only. As meters become available the new system of charging will be extended to other exchanges. But before doing so, the results of the introduction of the message rate system in the five selected exchanges will be carefully watched both from the point of view of the advantages to the subscribers as well as from the financial point of view.

SIMLA,

The 5th June 1941.

**Mr. Ahmed E. H. Jaffer :** May I know what the Honourable Member means by saying that 'others are in favour of the scheme'? May I know who the others are?

**Mr. Masarrat Husain Zuberi :** Other public bodies.

**Mr. Ahmed E. H. Jaffer :** So far as I know, the provincial Government of Bombay who were consulted in the matter are opposed to the scheme.

**Mr. Masarrat Husain Zuberi :** I do not think it is a correct Statement.

**Mr. Sasanka Sekhar Sanyal :** May I know if this question was placed before the Standing Committee of the Legislature connected with the Department?

**Mr. Masarrat Husain Zuberi :** The discussion was raised at the instance of the Honourable Member, Mr. Jaffer, himself who is a member of the Standing Advisory Committee. The Committee did not favour his proposal of opposing this system, that is they were in favour of the introduction of the message rate system.

**Mr. Ahmed E. H. Jaffer :** It is not a fact.

**Mr. President :** Let there be no debate on the interpretation of the Committee's finding.

**Mr. Ahmed E. H. Jaffer :** May I know what the Honourable Member's reply is to my first question—that the Provincial Government are opposed to the scheme?

**Mr. Masarrat Husain Zuberi :** My recollection is that the Bombay Government were apprised of this in 1940 and they approved of it.

**Lala Deshbandhu-Gupta :** So far as Delhi is concerned may I know whether the Government have definitely given up the idea of introducing the message-rate system?

**Mr. Masarrat Husain Zuberi :** Sir, I said that the matter is still under consideration?

**Lala Deshbandhu Gupta :** Will the system be introduced after 1948?

**Mr. Masarrat Husain Zuberi :** May be and then it might be earlier even.

**Mr. Ahmed E. H. Jaffer :** In view of the fact that the Bombay Government and other bodies were consulted in 1940 before the war, may I know whether the Honourable Member would consider the desirability of inviting public opinion before the scheme is launched?

**Mr. Masarrat Husain Zuberi :** I do not think, Sir, 1940 was before the war.

#### POLICY RAIL-RE ROAD CO-ORDINATION SCHEME IN PROVINCES

1269. **\*Mr. Ahmed E. H. Jaffer :** (a) Will the Honourable Member for Transport please make a statement on the policy of the Government of India with regard to the rail-road co-ordination scheme in different Provinces in India?

(b) Have Government laid down any definite policy in respect of motor transport business and the rail-road co-ordination scheme in the Province of Bombay?

(c) If so, to what extent is such policy being followed by Government?

(d) Are Government aware that recently an All India Motor Congress was held in Delhi to protest against the policy of Government in this regard? If so, what steps have since been taken by Government to meet the demands of the motor owners in India?

**The Honourable Dr. John Matthai :** (a), (b) and (c). The Honourable Member's attention is invited to the reply to starred question No. 3 asked by Sardar Mangal Singh on the 28th of October 1946. The essence of the policy set out there was repeated by me in my Railway Budget Speech in connection with the demand for the grant required to enable the railways to invest in road transport and has again been confirmed in a letter recently circulated to all Provincial Governments, including Bombay.

(d) Government have seen Press reports. These indicate that the demands concern matters of provincial, rather than Central, responsibility. In so far as the Centre is concerned, Government are satisfied that the policy already announced is the most satisfactory.

**Sri M. Ananthasayanam Ayyangar :** May I ask how many of the Provincial Governments have agreed to co-operate with the Central Government in the matter of the policy enunciated already ?

**The Honourable Dr. John Matthai :** I am not in a position to give the exact number, but the majority of the Provinces have agreed.

**Sri M. Ananthasayanam Ayyangar :** May I know how many of the Provinces intend starting motor transport services by themselves as a state measure in their respective provinces ?

**The Honourable Dr. John Matthai :** Some of them have definite schemes for the provincialisation of motor transport, but so far as I know the most complete and detailed scheme is the one put forward by the Bombay Government. Other Governments are also considering the scheme.

**Mr. Sasanka Sekhar Sanyal :** May I know how the Bengal Government have expressed themselves with regard to this policy ?

**The Honourable Dr. John Matthai :** I cannot answer it offhand, Sir.

**Mr. Manu Subedar :** In view of the congestion of transport all over the country, may I know whether Government will examine the question of utilising the motor vehicles which are still with the Disposals Department in very large bulk, for the purpose of bringing such vehicles into commission and using them under government aegis ?

**The Honourable Dr. John Matthai :** Sometime ago when the question of motor transport in the United Provinces was under contemplation, the Railways did buy a large number of motor transport vehicles from the Disposals Department which would now be at the disposal of the new Transport organisation which the U.P. Government is setting up.

**Mr. Manu Subedar :** May I know what is being done with regard to the enormous number which is still remaining unsold at the hands of the Disposals Department ? I believe a large number is still going to be declared. If that is so, may I know whether Government will examine this question as to why the whole of this transport cannot be used in order to reduce the bottleneck in transport ?

**The Honourable Dr. John Matthai :** Subject to consultation with my Honourable colleagues for Industries and Supplies I am certain that if any Provincial Government desires to put up transport organisations and makes proposals in regard to motor transport vehicles available with the Disposals Department, the Honourable Member's suggestion would be considered.

**Mr. Manu Subedar :** May I know whether the Transport Department at the Centre could not, whether the Honourable minister could not, take over some of these vehicles and put them into commission at once on those sections where there is congestion of traffic ?

**The Honourable Dr. John Matthai :** Motor transport is a provincial responsibility.

**Mr. Yusuf Abdoola Haroon :** May I know whether this suggestion would be circulated to the Provincial Governments ?

**The Honourable Dr. John Matthai :** Subject to further discussion with the Industries and Supplies Department the matter will be pursued.

**Sri M. Ananthasayanam Ayyangar :** Is it not a fact that the Standing Finance Committee, when the matter was brought up before them, recommended that further investment on the road transport service—the purchase of buses or improvement of them, building of bodies and so on—in the United Provinces should be stopped and later on after finding out the view of the Provincial Government the matter should be placed before the Standing Finance Committee ? May I know if this matter has since been placed before the Standing Finance Committee and what its decision or recommendation has been ?

**The Honourable Dr. John Matthai :** The Honourable Member will recollect that in view of the Assembly's decision the question was held in abeyance until the Ministry Governments were consulted. We have been in touch with the Ministry Governments since and the U.P. Ministry is putting up a scheme for road transport coordination.

**Sri V. C. Vellingiri Gounder :** In view of the fact that the Provincial Governments are not following one uniform policy, instead of leaving them matters to the discretion of the Provincial Governments and calling for their opinions again and again, will it not be better for Central Government, to avoid all this trouble, to relieve themselves of their responsibility in the matter ?

**The Honourable Dr. John Matthai :** We are in a position only to advise the Provincial Governments and that function we are prepared to perform.

**Sri V. C. Vellingiri Gounder :** That question can be easily solved.....

**Mr. President :** Next question.

#### LIFTING OF CONTROL IN SALE OF MOTOR CARS IN BOMBAY

1270. \***Mr. Ahmed E. H. Jaffer :** (a) Will the Honourable Member for Transport be pleased to state whether it is a fact that the Bombay Government have lifted the control on the sale of motor cars?

(b) Is it a fact that the Madras Government are still retaining this control?

(c) If the answers to parts (a) and (b) be in the affirmative, what are the reasons for lifting the control in one Province and retaining it in another Province?

(d) In what other Provinces has the control on the sale of cars been lifted and retained, and what are the reasons therefor?

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

(b) to (d). The Honourable Member is referred to the reply given by me on the 13th March 1947 to parts (c), (d) and (e) of his question No. 904.

**Mr. Ahmed E. H. Jaffer :** In view of the fact that new cars are sold in the black market and they are very difficult to obtain, may I ask the Honourable Member whether he is prepared to consider the desirability of reintroducing the control system for cars all over India ?

**The Honourable Dr. John Matthai :** This question was discussed by me at very considerable length when it was raised last week.



## POSITION OF NEWSPRINT IN INDIA IN 1947

1271. \***Mr. Ahmed E. H. Jaffer**: Will the Honourable Member for Industries and Supplies be pleased to state:

(a) the position of news-print in India during the year 1947;

(b) whether it is a fact that the quota given to the various newspapers at present is likely to be decreased and, if so, the reasons therefor; and

(c) the policy laid down for the grant of quota to newspapers representing different political opinion?

**The Honourable Sri C. Rajagopalachari**: (a) On the basis of the present information India expects to receive at least 35,000, and possibly 37,500 tons during this year. This is considerably more than last year when against anticipations of 32,500 tons we received 22,000 tons during the year and about 8,000 tons as a carry over during January and February 1947.

(b) and (c) Government have decided to abolish the existing quota system and to relax the control on the procurement and use of newsprint with effect from the 1st April 1947. A press note to this effect was issued on the 14th February 1947. After the 31st March 1947 all newspapers will be free to consume as much quantity of newsprint as their paid circulation justifies and no permission from the Central Government would be required for bringing out new newspapers on newsprint.

**Mr. Manu Subedar**: May I know whether this relaxation includes the use of newsprint for book publication which has been stopped during the war period and whether the use of newsprint is free now to anybody?

**Mr. President**: This subject was thrashed out fully on by a few days ago.

**Mr. Manu Subedar**: I read the notification about it only today and it is clear on all the points except the one that I am raising now.

**Mr. President**: I am referring to the question and the supplementary questions and answers. I believe an identical question was put at that time?

**Mr. Manu Subedar**: At that time the newsprint control was on. One of the provisions was that the book trade could not use any newsprint. Now that the control on newsprint has been lifted, may I not ask whether the book trade will be allowed to take advantage of this relaxation?

**The Honourable Sri C. Rajagopalachari**: The Book trade has not yet been allowed to use newsprint. The position will be considered when the supply is considerably more easy.

**Mr. Yusuf Abdoola Haroon**: In view of the lifting of the control will not the prices of newsprint go higher?

**The Honourable Sri C. Rajagopalachari**: I do not think it will but the position will be watched.

**Mr. Yusuf Abdoola Haroon**: May I know whether the price at which it is sent by the U. K. is £ 82 per ton instead of £ 52 at which it was sold before?

**The Honourable Sri C. Rajagopalachari**: Such variations are bound to take place with de-controlling and those who ask for de-control must be prepared for such variations.

**Mr. Ahmed E. H. Jaffer**: The Honourable Member said that no permission will be required for starting new newspapers. Is it not a fact that still the Provincial Government would control the starting of newspapers?

**The Honourable Sri C. Rajagopalachari :** There are two kinds of control—control of consumption of paper and control of the substance of newspapers, which comes under the Press Laws. The latter is of course still continuing and is under the Provincial Government.

**Lala Deshbandhu Gupta :** Is the Honourable Member aware of the fact that some of the small weeklies are printed partly on newsprint and partly on white paper. If so, in view of the fact that part of it is done on white printing, will the Honourable Member consider the desirability of relaxing the control or white printing also to some extent ?

**The Honourable Sri C. Rajagopalachari :** The control on any article is to be relaxed with reference to the supply and demand position of that commodity. Owing to the shortage of white paper, which is in demand for various purposes in India, it has not yet been considered desirable to remove the control on white paper.

#### UNIFORMITY IN TYPES OF RAILWAY RATES

**1272. \*Seth Govind Das:** Will the Honourable Member for Railways be pleased to state:

(a) whether Government are aware that there are 200 types of Railway rates in India;

(b) if so, do Government propose to institute an enquiry into the working of these various rates; and

(c) whether Government are taking any steps to bring about a uniform rate structure in India?

**The Honourable Dr. John Matthai :** (a) Government are aware that the three main categories of rates, namely, class, schedule and station to station do in practice include a number of types of rates on individual railways.

(b) I would refer the Honourable Member to the monograph on the Indian Railway's Goods Rating Structure, copies of which have been furnished to the Members of this House which outlines the action taken by Government in this matter and the progress made so far.

(c) Yes.

**Seth Govind Das :** In view of the fact that these different rates were being charged by different concerns and now that the railways have become State Railway, will Government see that the uniform rates on all railways are introduced ?

**The Honourable Dr. John Matthai :** That is precisely Government's objective in the matter.

**Sri M. Ananthasayanam Ayyangar :** I am aware of the brochure that was circulated. Independently of that, is the Government contemplating the appointment of a committee to bring these different rates under the three categories mentioned ?

**The Honourable Dr. John Matthai :** My answer to that for the time being would be this. The matter is of a highly technical nature. There are also other aspects to it. For the moment we have done an initial inquiry into the whole question. We have also set up a committee of rating experts to go into this question. They will make a preliminary report. At a later stage of course the matter would come up before the Standing Finance Committee for Railways. Whether any further inquiry is necessary on these lines is a matter that I would like to take time to consider.

**Sri M. Ananthasayanam Ayyangar :** Who are the members of the Committee ?

**The Honourable Dr. John Matthai :** It is a departmental committee of rating experts.

**Mr. Manu Subedar :** In connection with this committee of rating experts may I know whether they will examine the question whether the processed goods which move from one district to outside regions could not be charged at a higher rate in order to induce larger processing to be done in the districts where they are produced.

**The Honourable Dr. John Matthai :** I have taken note of the suggestion of the committee over which my Honourable friend presided?

**Sri M. Ananthasayanam Ayyangar :** May I know whether this committee of rating experts has been authorised to consult the various industrial and commercial interests before they arrive at a uniform policy regarding rates that have been allowed for various raw materials and finished products?

**The Honourable Dr. John Matthai :** As much progress as is possible is being made, but the bulk of the work is of a technical nature. I propose to have the matter placed before the Standing Finance Committee for Railways and if the Committee desires that independent opinion of public bodies should be taken, it might be considered at that stage.

#### RECRUITMENT IN THE SUPPLY DEPARTMENT AND RETRENCHMENT OF WAR SERVICE PERSONNEL

**1273. \*Seth Govind Das :** Will the Honourable Member for Industries and Supplies be pleased to state:

(a) whether it is a fact that new personnel is being recruited to fill up vacancies created by retrenchment of temporary war-service personnel in the Supply Department; and

(b) if so, the reasons for adopting such a procedure?

**The Honourable Sri C. Rajagopalachari :** (a) and (b). No vacancies are created by retrenchment and therefore the questions put do not arise. But if the Honourable Member is referring to retrenchment in one organisation and additions in another organisation, Government have endeavoured as far as possible, to employ temporary war-service personnel, who became surplus in one unit of the Department on account of reduction of work, in other units in which there has been a temporary expansion, for example the Directorate General of Disposals. There have been a few instances, however, in which fresh personnel had to be recruited either because persons with special qualifications were needed or because none of the retrenched personnel was readily available for employment. Instructions have again been issued recently to the offices under the control of this department, who recruit ministerial staff direct that fresh personnel should not be recruited so long as retrenched hands from other local units are available.

#### EXPORT OF FOODGRAINS FROM INDIA

**1274. \*Seth Govind Das :** Will the Secretary of the Food Department be pleased to state:

(a) whether India has exported any food-grains to any country during the Kharif year 1946;

(b) if so, the countries to which such exports were made; and

(c) the quantities so exported?

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

Statement showing the exports of "Foodgrains" from India to other countries during the Kharif year 1945-46 (from 1st November 1945 to 30th October 1946)

Foodgrain	United Kingdom	Arabia	Burma	Ceylon	Trucial Coast	Bahrain Islands	Maskat territory	Mauritius and Dependencies	Other countries	Total quantity
1	2	3	4	5	6	7	8	9	10	11
<i>Rice (Not in the husk)</i>										
Quantity (in tons)	23	958	..	851	2	749	1	..	17	2,601
<i>Wheat-flour</i>										
Quantity (Tons)	..	453	..	1	..	18	1	..	..	473
<i>Barley</i>										
Quantity (Tons)	..	..	..	..	..	..	..	..	1	..
<i>Dals</i>										
Quantity (Tons)	..	..	..	11,332	..	..	..	500	532	12,364
<i>Pulse-beans</i>										
Quantity (Tons)	..	..	..	..	..	..	..	..	27	27
<i>Other sort of pulses</i>										
Quantity (Tons)	..	..	..	1,451	..	..	..	..	..	1,451
<i>Total</i>										
Quantity (Tons)	23	1,411	..	13,635	2	767	2	500	577	16,917

**Seth Govind Das :** We shall read the statement later on, but may I know why even now our foodgrains are being exported to other countries ?

**Mr. K. L. Panjabi :** The exports during the period under question were only 16,000 tons. The main grounds for exports were to provide provisions for Indian pilgrims to Hedjaz, for ship stores, and to provide supplies to the Government of India's personnel in the Persian Gulf and small quantities for individuals.

**Seth Govind Das :** Are these exports still going on ?

**Mr. K. L. Panjabi :** The exports on these grounds are still going on.

**Seth Govind Das :** In view of the serious food situation in the country, will Government try to still minimise these exports ?

**Mr. K. L. Panjabi :** They have been minimised. As I mentioned, during the year under question the total exports were only 16,000 tons.

**Seth Govind Das :** Will a further effort be made to minimise these exports ?

**Mr. K. L. Panjabi :** Every effort is being made to minimise the exports.

**Mr. Sasanka Sekhar Sanyal :** May I know whether the Standing Committee of the Food Department was consulted in the matter and whether their advice was taken with regard to these exports and the selection of countries where such exports can be made ?

**Mr. K. L. Panjabi :** No, Sir. There was no occasion to consult the Standing Committee.

**Sri M. Ananthasayanam Ayyangar :** May I know if foodgrains are not available about the Persian Gulf and the people there are not able to purchase them locally ?

**Mr. K. L. Panjabi :** Our supplies are only meant for the Government of India's personnel in these places.

**Mr. Sasanka Sekhar Sanyal :** Will Government consider the advisability of bringing forward the general question before the Standing Committee in the light of the interpellations today ?

**Mr. K. L. Panjabi :** Yes, Sir ; Government will put this matter before the Standing Committee.

**Seth Govind Das :** Is there any scarcity of foodgrains even in these countries where we are exporting our foodgrains at present ?

**Mr. K. L. Panjabi :** Yes, there is scarcity.

#### IMPORT OF FOODGRAINS UPTO JANUARY - 1947

1275. \***Seth Govind Das :** Will the Secretary of the Food Department be pleased to state:

(a) the total quantity of food grains imported into India from other countries from the date the imports have begun upto the 31st January, 1947;

(b) the names of the countries showing separately the quantities of food grains imported from each of them, during the above period;

(c) the quantities of food grains imported into India through the intervention of the United Nations Organization Food Council and those that were received direct;

(d) whether the prices of rice and paddy from Indonesia and Argentina are lower than that of India F. O. R. Indian ports; and

(e) if so, the percentage of difference?

**Mr. K. L. Panjabi:** (a) and (b). A statement of imports from September 1943 to January 1947 is laid on the table of the House.

(c) Allocations of rice are made by the International Emergency Food Council and the allotted quantities are imported through the intervention of that body. As regards other foodgrains the position so far has been that while the International Emergency Food Council make a general recommendation about the total quantities which a deficit country may import during the quota year, India, like other deficit countries, has to make direct arrangements with the exporting countries for such quantities of these foodstuffs as can be obtained; the total procurement of these grains made in this manner is reported to the Council.

(d) and (e): No rice or paddy has been imported from Argentina. From Indonesia only paddy is being imported the price of which at Indonesian ports is Rs. 4/1/- per maund. The cost of freight to India has not yet been worked out, and it is not, therefore, possible to compare the landed cost with prices in India.

*Statement showing imports of foodgrains from Overseas from September, 1943 to December, 1945*

(1) Period	2) Sources	(3) Grains	(4) Quantity in tons
September, 1943	Australia	Flour	9,155
October, 1943	Australia	Wheat	12,518
October, 1943	Australia	Flour	8,524
		Total	21,039
November, 1943	Australia	Wheat	26,386
	Iraq	Barley	24,733
		Total	51,121
December, 1943	Australia	Wheat	38,182
	Canada	Wheat	5,034
	Iraq	Barley	73,188
		Total	116,404
January, 1944	Australia	Wheat	25,521
	Iraq	Barley	29,964
	South Africa	Maize	2,712
		Total	58,197
February, 1944	Australia	Wheat	25,822
	South Africa	Maize	1,704
		Total	27,526
March, 1944	Australia	Wheat	42,879
April, 1944	Australia	Wheat	17,443
	Australia	Flour	9,510
		Total	26,953
May, 1944	Australia	Wheat	26,426
	Canada	Wheat	10,150
		Total	36,576

(1)	(2)	(3)	(4)
Period	Sources	Grains	Quantity in tons
June, 1944	Australia	Wheat	5,899
July, 1944	Australia	Wheat	27,198
	Australia	Flour	8,083
	Canada	Wheat	3,305
	Persian	Wheat	51
		Total	38,637
August, 1944	Australia	Wheat	46,256
	Australia	Flour	13,746
	Persian	Wheat	441
		Total	60,443
September, 1944	Australia	Wheat	52,976
	Persian	Wheat	486
		Total	53,462
October, 1944	Australia	Wheat	108,770
	Australia	Flour	618
	Persian	Wheat	520
		Total	109,908
November, 1944	Australia	Wheat	99,500
	Australia	Flour	14,403
		Total	113,903
December, 1944	Australia	Wheat	50,708
	Australia	Flour	5,283
	U.S.A.	Wheat	18,667
		Total	74,658
January, 1945	Australia	Wheat	34,120
	Australia	Flour	8,289
	U.S.A.	Wheat	32,018
		Total	74,427
February, 1945	Australia	Wheat	27,785
	Australia	Flour	500
	U.S.A.	Wheat	40,343
	Canada	Wheat	3,213
		Total	71,841
March, 1945	Australia	Wheat	17,764
	Australia	Flour	1,950
	U.S.A.	Wheat	37,255
	Canada	Wheat	3,071
		Total	60,040
April, 1945	U.S.A.	Wheat	23,497
	Canada	Wheat	4,286
		Total	27,783

(1)	(2)	(3)	(4)
Period	Sources	Grains	Quantity in tons
May, 1945	U.S.A.	Wheat	19,330
	Canada	Wheat	8,795
		Total	28,125
June, 1945	U.S.A.	Wheat	27,224
	Canada	Wheat	6,676
		Total	33,900
July, 1945	U.S.A.	Wheat	54,829
	Canada	Wheat	16,680
		Total	71,512
August, 1945	U.S.A.	Wheat	48,995
	Canada	Wheat	18,727
		Total	67,722
September, 1945	U.S.A.	Wheat	31,521
	Canada	Wheat	68,660
		Total	100,181
October, 1945	U.S.A.	Wheat	22,897
	Canada	Wheat	63,386
		Total	86,283
November, 1945	U.S.A.	Wheat	20,687
	Canada	Wheat	45,774
	Burma	Rice	6,600
		Total	73,061
December, 1945	U.S.A.	Wheat	49,902
	Canada	Wheat	65,704
	Burma	Rice	39,334
		Total	154,940

## IMPORTED FOOD GRAINS—ARRIVALS DURING 1946.

## FOODGRAINS OTHER THAN RICE

(i) Arrivals against shipments made in 1945

	From	Tons.	
January, 1946	U.S.A.	29,778	Wheat.
	Canada	50,433	Wheat.
	Total	80,211	
February	U.S.A.	22,246	Wheat.
	Canada	48,346	Wheat.
	Total	70,592	



## (ii) Arrivals against 1946 shipments

		Tons	
February	U.S.A.	15,015	Wheat.
	Canada	24,195	Wheat.
	Total	39,210	
March	U.S.A.	27,881	Wheat.
	Canada	4,443	Wheat.
	Australia	36,091	Wheat.
Total	68,415		
April	U.S.A.	29,706	Wheat.
	Canada	7,500	Wheat.
	Australia	62,182	Wheat.
	Australia	12,808	Wheat equivalent of 9,350 tons of flour at 73% extraction.
Total	112,196		
May	Australia	62,379	Wheat.
	Australia	42,470	Wheat equivalent of 31,003 tons of flour.
	U.S.A.	26,164	Wheat.
	Canada	3,500	Wheat.
	U.K.	5,500	Wheat equivalent of 4,000 tons of flour.
Total	140,013		
June	Australia	52,398	Wheat.
	Australia	15,895	Wheat equivalent of 11,603 tons of flour.
	Canada	35,314	Wheat.
Total	107,607		
July	Australia	48,471	Wheat.
	Australia	45,478	Wheat equivalent of 33,199 tons of flour.
	Canada	53,212	Wheat.
	U.S.A.	33,879	Wheat.
	U.S.A.	76,979	Maize.
Total	258,019		
August	Australia	52,931	Wheat.
	Australia	19,227	Wheat equivalent of 14,036 tons of flour.
	Australia	1,050	Barley.
	Canada	9,308	Wheat.
	U.S.A.	43,105	Wheat.
	U.S.A.	8,913	Maize.
	Argentina	25,301	Maize.
	Burma	2,730	Maize.
	Iraq	170	Millets.
Egypt	19,625	Millets.	
Total	182,360		
September	Australia	43,836	Wheat.
	Australia	35,764	Wheat equivalent of 26,108 tons of flour.
	Australia	200	Millets.
	U.S.A.	67,581	Wheat.
	U.S.A.	5,100	Maize.
	U.S.A.	7,625	Milo.
	Burma	2,300	Maize.
	Argentina	26,182	Maize.
	Egypt	4,709	Barley.
	Egypt	14,644	Millets.
Abbyssenia	1,421	Millets.	
Total	209,362		

	From	Tons.	
October	Australia	18,079	Wheat.
	Australia	900	Millets.
	U.S.A.	32,499	Wheat.
	U.S.A.	6,253	Wheat equivalent of 5,002 tons of flour at 80% extraction Basis.
	U.S.A.	7,475	Milo.
	Argentina	97,200	Maize.
	Argentina	1,672	Millets.
	Egypt	2,157	Barley
	Egypt	3,200	Millets.
	Turkey	6,900	Barley.
	Iraq	17,200	Barley.
	Iraq	1,000	Millets.
	Canada	17,376	Oats.
		<b>Total</b>	<b>210,911</b>
November	Canada	51,229	Wheat.
	Canada	7,077	Oats.
	U.S.A.	100,807	Wheat.
	U.S.A.	6,986	Wheat equivalent of 5,589 tons of flour at 80% extraction Basis.
	U.S.A.	11,000	Milo.
	Australia	9,544	Wheat.
	Australia	12,322	Wheat equivalent of 8,995 tons of flour at 73% extraction Basis.
	Turkey	8,412	Wheat.
	Turkey	36,490	Barley.
	Argentina	27,478	Maize.
	Argentina	8,250	Millets.
	Burma	200	Maiza.
	Iraq	37,048	Barley.
	Egypt	2,283	Millets.
Abbyssenia	395	Millets.	
	<b>Total</b>	<b>319,521</b>	
December	U.S.A.	61,599	Wheat.
	U.S.A.	15,490	Wheat equivalent of 12,392 tons of flour at 80% extraction Basis.
	U.S.A.	4,430	Maize.
	U.S.A.	29,458	Milo.
	Canada	2,000	Wheat.
	Turkey	6,100	Wheat.
	Turkey	18,148	Barley.
	Argentina	29,034	Maize.
	Argentina	7,033	Millets.
	Iraq	8,044	Barley.
	Iraq	1,000	Millets.
	<b>Total</b>	<b>182,336</b>	

## RICE.

(i) Arrivals against 1945 programme  
29,368

January

(ii) Arrivals against 1946 programme.

	From	Tons.
May	Burma.	9,361
June	Burma.	24,377
July	Burma.	36,568
	Siam	8,700
	Saigon	8,890
	<b>Total</b>	<b>49,158</b>

	From	Tons	
August . . . .	Burma . . . .	22,908	
	Brazil . . . .	9,500	
	Total . . . .	32,408	
September ] . . . .	Burma . . . .	54,248	Rice equivalent of 6,019 tons of Paddy.
	Java . . . .	4,000	
	Total . . . .	58,248	
October . . . .	Brazil . . . .	19,376	Rice equivalent of 18,330 tons of Paddy.
	Java . . . .	12,000	
	Total . . . .	31,376	
November . . . .	Burma . . . .	10,045	Rice equivalent of 14,714 tons of Paddy.
	Siam . . . .	9,000	
	Brazil . . . .	8,498	
	Java] . . . .	9,800	
	Total . . . .	37,343	
December . . . .	Burma . . . .	40,743	Rice equivalent of 4,962 tons of Paddy.
	Brazil . . . .	1,818	
	Siam . . . .	8,000	
	Java . . . .	3,308	
	Total . . . .	53,869	

#### IMPORTED FOODGRAINS—ARRIVALS DURING JANUARY 1947.

##### 1. FOODGRAINS OTHER THAN RICE.

##### (i) Arrivals against shipments made in 1946.

	From	Tons.	
January 1947 . . . .	U.S.A. . . . .	74,982	Wheat.
	U.S.A. . . . .	2,815	Wheat equivalent of 2,260 tons of flour at 80 per cent extraction basis.
	U.S.A. . . . .	8,425	Maize.
	U.S.A. . . . .	11,235	Milo.
	Turkey . . . .	7,544	Wheat.
	Turkey . . . .	37,497	Barley
	Argentine . . . .	39,100	Maize
	Argentine . . . .	17,833	Barley.
	Argentine . . . .	350	Oats.
	Argentine . . . .	2,032	Millets.
	Iraq . . . .	7,731	Barley.
	Canada . . . .	7,874	Oats.
	Total . . . .	217,408	

##### (ii) Arrivals against 1947 shipments.

January, 1947 . . . .	Iraq . . . .	2,500	Barley.
	Argentine . . . .	8,023	Maize.
	Total . . . .	10,523	

## 2. RICE.

## (i) Arrivals against 1946 programme.

	From	Tone	
January, 1947	Burma.	13,852	Rice.
	Brazil .	25,764	Rice.
	Java .	3,303	Rice equivalent of 4,954 tons of Paddy.
	Total	42,919	

## " (ii) Arrivals against 1947 Programme."

January, 1947	Saigon	7,286	Rice.
	Burma.	28,172	Rice.
	Java .	3,654	Rice equivalent of 5,482 tons of Paddy.
	Total	39,112	

**Seth Govind Das :** Is it a fact that even now we are paying a much higher price for these imported articles than the price prevailing in this country ?

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

**Prof. N. G. Ranga :** Is it a fact that the Government of Burma purchases paddy and rice in Burma and then sells it to the Government of India at a much higher price than its own purchase price ?

**Mr. K. L. Panjabi :** I had an opportunity of discussing this matter with the Honourable the Finance Minister of the Government of Burma and other officers, and they claimed that the Burma Government was making no surcharge and there was very little profit over the procurement price. There are certain complicating factors in the sense that over and above the procurement price which the Government of Burma pay they also pay subsidy to the agriculturist on the basis of acreage under rice and make certain advances to them. Therefore, they contended that when all these things are taken into consideration, the surcharge available to the Burma Government is very small, if any.

**Mr. Manu Subedar :** Is it not a fact, as was stated by the Honourable the Finance Member, or have we understood it wrongly, that it is His Majesty's Government who are profiteering on rice supplied to this country and not the Burma Government ?

**Mr. K. L. Panjabi :** The procurement of rice is not done by the Ministry of Food but by the Government of Burma and the question of any profit being made by the Ministry of Food does not arise.

**Seth Govind Das :** Will the Government see that whatever rice is imported into this country from Burma, His Majesty's Government is not allowed to make any profit on it ?

**Mr. K. L. Panjabi :** I have already stated that His Majesty's Government are not procuring rice in Burma.

**Prof. N. G. Ranga :** Does the report that the Government of India must be receiving from their Agent in Burma agree with the explanations given by the Finance Minister of Burma in regard to these prices ?

**Mr. K. L. Panjabi :** The Finance Minister of Burma has very kindly agreed to send full details of the price at which they purchase and the price at which they sell and also the other costs incidental to procurement.

## EXTENT OF FOOD SHORTAGE DURING 1947

**1276. \*Seth Govind Das:** Will the Secretary of the Food Department be pleased to state:

- (a) the extent to which India is likely to be short of food during 1947;
- (b) the main food grains in which there will be shortage;
- (c) the Provinces or zones where scarcity is likely to be felt;
- (d) the quantity needed by each zone or Province;
- (e) the arrangement, if any, made by Government with any country or with the World Food Council, for the supply of the deficit quantity;
- (f) whether Government are sending their representatives to the countries whence exports to India are necessary; and
- (g) the system under which the purchases are being made on behalf of India?

**Mr. K. L. Panjabi:** (a) On present information it is estimated that our import requirements during 1947 will be about 4,000,000 tons at the present scale of rations. This estimate will, however, require revision in the light of the outturn of the current Rabi crop.

(b) Rice, Millets and wheat.

(c) Bombay, Madras, Bihar, U.P., Bengal, Mysore, Travancore, Cochin Decan States, Rajputana, Central India and Western India States are the principal deficit areas.

(d) to (g). A statement is laid on the table of the House.

## Statement

In regard to rice and millets these areas have declared the following deficits for the Kharif year 1946-47 (October-November).

Provinces/States	, (000 tons)	
	Rice	Millets
Bombay . . . . .	192	354
Madras . . . . .	379	Nil
Bihar . . . . .	303	43
U. P. . . . .	180	Nil
Bengal . . . . .	975	Nil
Mysore . . . . .	85	32
Travancore . . . . .	379	Nil
Cochin . . . . .	85	Nil
Deccan States . . . . .	30	74
Rajputana . . . . .	13	85
Central India . . . . .	6.5	37
Western India States . . . . .	28	92

Information regarding rabi deficits will be available only in May.

The International Emergency Food Council makes allocations of rice by sources and our share has been allotted from South East Asia and Brazil. In South East Asia the transactions are on a Government to Government basis and in Brazil purchases are made by His Majesty's Government on our behalf. As regards cereals other than rice, the International Emergency

Food Council makes recommendations regarding the distribution of total available supplies but has not so far indicated the sources from which our share should come. The allocation of rice for the first six months of 1947 is 41 million tons. The recommended programme for other cereals is an annual one and for the period July first 1946 to June 30th 1947 we have an allocation of 2.3 million tons of which .95 million tons remain to be shipped during the first six months of this year. No allocations have yet been made for the second six months of 1947. In order to procure our share in cereals other than rice we approach the exporting Governments direct or purchase through the trade according to the circumstances of each case. Representations are made to the Governments concerned and whenever necessary we send representatives to the supplying countries. A representative of the Food Department recently visited Iran, Iraq and Ethiopia and a Mission headed by Dewan Chaman Lall was sent to Argentine last summer to help in securing export permits for the grain that we had purchased in that country and to investigate the possibilities of further purchases. There is at present a representative of the Food Department in Argentine to help the Indian Trade Commissioner in making further purchases in that country. The Government of India has its regular ambassadorial or consular representatives in the United States of America, Canada, Burma, Australia, Siam and Singapore as well as a special staff in Indonesia. All these are charged with the constant duty of watching India's food interests and every endeavour is made to give them special assistance whenever necessary.

**Seth Govind Das :** With regard to part (c) of the question, the Honourable Member has not mentioned the Central Provinces. Does he know that the Rabi crop has failed there and it would be a deficit province now ?

**Mr. K. L. Panjabi :** I have mentioned Central India. Specific mention of Central Province is an omission which I regret.

**Prof. N. G. Ranga :** Has any effort been made to import foodgrains from the Soviet Russia ?

**Mr. K. L. Panjabi :** I answered that question only last week. I then pointed out that an effort was made but we were informed that owing to drought there was no exportable surplus in the U.S.S.R.

**Prof. N. G. Ranga :** What is the answer to part (f) of this question ?

**Mr. K. L. Panjabi :** The answer is that a statement is laid on the table of the House.

**Prof. N. G. Ranga :** What is the answer to part (f) ? It does not require any statement ?

**Mr. K. L. Panjabi :** The statement contains all the information.

**Mr. President :** The statement may be studied separately and if other questions are found necessary, they may be put later on ?

**Mr. Manu Subedar :** This statement will go into print in due course and we will not get a copy for three months ?

**Mr. President :** Copies can be had just now if required.

**Seth Govind Das :** Will the requirements from imports this year be less than what it was in previous years ?

**Mr. K. L. Panjabi :** No, Sir. The requirement is approximately the same.

**Prof. N. G. Ranga :** What steps have been taken to put a stop to the wrong practice referred to by Mr. Chaman Lall ? The Government representative in Argentina and the High Commissioner for Indian Government in London were bidding against each other for the same Argentina foodgrains ?

**Mr. K. L. Panjabi :** There is only one authority which purchases on behalf of the Food Department in various countries.

**Sri M. Ananthasayanam Ayyangar :** Are all the four million tons going to be imported from abroad or are any efforts being made to grow more food in India itself by giving contributions to provinces for irrigation and other purposes ?

**Sir Pheroze Kharegat :** The position is that the Centre proposes to give block grants to provinces for development schemes which will in future include grow more food schemes as well. In other words, it has been decided that no separate grants will be given to the provinces for growing more food and they are expected to find the money required from block grants given to them for development purposes.

**Seth Govind Das :** Is it a fact that whatever was required was not possible to be imported last year and is it expected that this year it will be imported ?

**Mr. K. L. Panjabi :** I am not at all sure. We will do our best.

**Dr. Zia Uddin Ahmad :** Has the Honourable Member taken into account the 3 million tons which the Secretary for Agriculture referred as being derived from grow more food campaign before arriving at the calculation of four million tons ?

**Mr. K. L. Panjabi :** Yes, Sir. This has been taken into consideration because the surplus provinces have declared what their surplus is.

**Dr. Zia Uddin Ahmad :** On the floor of the House we were told that three million tons were expected from the grow more food campaign. Has this been taken into account ?

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

**Sri V. C. Vellingiri Gounder :** Are the shipping charges for bringing food products the same as last year ?

**Mr. K. L. Panjabi :** Shipping charges vary according to the circumstances. I have not got exact information here.

**Sri V. C. Vellingiri Gounder :** Shipping charges come to very big figures. Will the Honourable Member enquire whether there are favourable rates ?

**Mr. K. L. Panjabi :** We are doing our best to get as low shipping charges as possible.

#### EXPERIMENTS IN BENARES UNIVERSITY IN GROWING OF CROPS WITHOUT WATER

1277. \***Pandit Sri Krishna Dutt Paliwal :** Will the Secretary of the Department of Agriculture please state :

(a) whether the attention of Government has been drawn to the successful experiments of growing crops without water carried out by Dr. Nandlal Sharma a research Fellow of the Benares Hindu University ; and

(b) whether Government propose to test the practicability of these experiments on adequate scale so as to be able to make use of them on a large scale ?

**Sir Pheroze Kharegat :** (a) Government are aware of the claims made by Dr. Sharma.

(b) Government are advised that the results obtained by Dr. Sharma appear to have no practical applicability. He has been asked to publish the results of his investigations in some scientific journal for discussion by competent persons.

**Prof. N. G. Ranga :** Have the Government no competent body of scientists here who can be expected to study the results of these experiments and advise them thereon ?

**Sir Pheroze Kharegat :** Their advice has been obtained, it is adverse.

REVERSION OF MUSLIM EMPLOYEES ON DEPUTATION IN THE OFFICE OF DIRECTOR GENERAL OF INDUSTRIES AND SUPPLIES

†1278. \*Mr. Ahmed E. H. Jaffer: (a) Will the Honourable Member for Industries and Supplies please state what policy is being followed in reverting the deputationists who are at present working in the Directorate General of Industries and Supplies to their parent offices?

(b) While reverting Muslim deputationists to their parent offices, what steps are being taken to ensure that the percentage of Muslims in every grade is not reduced?

**The Honourable Sri C. Rajagopalachari:** (a) Deputationists from other Departments of the Government of India or Provincial Governments may be reverted without a request from the parent office if they are found unsuitable for retention or become surplus to the requirements of the Department. When requests for return of the deputationists are received from other Departments of the Government of India they are considered with due regard to the requirements of the Department, as also to those of the parent office to ensure that the services of trained and experienced officers are utilized to the best advantage.

(b) In making reversions, the communal ratios are borne in mind. This cannot, however, be the sole consideration as seniority and experience have also to be considered and reversion to another Department does not affect the communal ratios of Government servants as a whole.

Against a total of twelve persons actually reverted since September 1946, seven were Hindus, three were Muslims, and two were Sikhs. In the case of eight more persons, five of whom are Muslims and the others Non-Muslims, requests received for reversion have been refused.

FACILITIES TO OFFER PRAYER DURING OFFICE HOURS TO MUSLIM EMPLOYEES OF THE POSTS AND TELEGRAPHS DEPARTMENT

1279. \*Mr. Tamizuddin Khan: (a) Will the Secretary of the Communications Department be pleased to state what facilities, if any, are given to Muslim employees of the Posts and Telegraphs Department to offer their prayers (*namaz*) during office hours?

(b) Is any recess given to such employees for joining congregational Jumma prayers on Fridays?

(c) If so, what is the duration of the recess and is it given in all the Posts and Telegraph Offices in British India?

**Mr. Masarrat Husain Zuberi:** (a) All reasonable facilities are given to Muslim employees to offer their daily prayers during office hours when requests are made.

(b) Yes.

(c) A recess ranging from one to one and half hours is allowed for Jumma prayers. As far as possible it is given in all Posts and Telegraphs Offices in British India.

APPOINTMENT OF INDIANS AS GENERAL MANAGERS OF RAILWAYS

1280. \*Sri R. Venkatasubba Reddhar: Will the Honourable Member for Railways be pleased to state:

(a) the number of vacancies that are likely to arise in the posts of General Managers in the several Railways in the year 1947-48;

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



(b) the number of Indians who are likely to be appointed to those posts; and

(c) whether Government propose to consider the desirability of examining all cases in which a junior European has superseded a senior Indian in such appointments?

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

(b) One.

(c) This question does not arise as all superior appointments receive the personal attention of the Member-in-Charge.

**Prof. N. G. Ranga :** In the light of their own decision to Indianise these posts as early as possible, will Government adopt the policy of appointing only Indians to these senior most posts?

**The Honourable Dr. John Matthai :** When this question was raised during the budget discussion, I took occasion to state Government's policy in this matter which is briefly this : that Government are anxious to Indianise the superior services as early as possible and with that end in view Government have decided that no recruitment of non-nationals should be made hereafter. As far as Railways are concerned no recruitment has been made of non-nationals since 1941. Now as regards the question of promotions, the position of Government is that as far as the existing personnel is concerned, if a person is entitled on grounds of seniority, merit and actual record of work done for Government, there should be no discrimination either way against him on racial grounds.

**Sri M. Ananthasayanam Ayyangar :** Have not a number of cases been brought to the notice of the Honourable Member that under company management a number of Indian Officers have been deliberately superseded by junior European officers who are now holding the posts and it will be a long time before they go out and before the whole railway administration can be completely Indianised?

**The Honourable Dr. John Matthai :** I submit that question does not arise.

**Sri M. Ananthasayanam Ayyangar :** Why have no attempt been made to completely Indianise within the course of the next one or two years even giving compensation to European personnel in higher posts so that they might go away?

**The Honourable Dr. John Matthai :** I have stated the Government's policy in this matter.

#### MIXING OF CALCIUM IN *Atta*.

1281. \***Pandit Sri Krishna Dutt Paliwal :** Will the Secretary of the Food Department be pleased to state:

(a) whether Government are aware that the Rationing Department, Delhi, is negotiating or has negotiated with a chemist's firm in New Delhi for the supply of calcium of good quality for mixing with *atta* and *maida* to increase their nutritive value;

(b) whether Government are aware that the *atta* supplied at present is of poor quality; and

(c) whether Government have satisfied themselves that the addition of calcium will not spoil the taste or colour of the *chapati* or bread?

**Mr. K. L. Panjabi :** (a) Enquiries were made from a Chemist's firm in Bombay regarding the supply of good quality calcium carbonate to be mixed with *atta* and issued with wheat to consumers, but arrangements have not yet been finalised.

(b) *Atta* supplied at present is not of poor quality but as it is milled from over-seas wheat, it is not popular with consumers used to Punjab wheat.

(c) Yes, Sir. It is proposed to mix calcium carbonate to fortify *atta* in the proportion of 1 to 640 parts. This does not affect the taste or flavour of *chappatties* or bread. I might mention that this practice is already in vogue in Bombay.

**Prof. N. G. Ranga** : Are Government aware of the fear prevailing in certain quarters that the powder made out of certain roots is being mixed with the *atta* that is sold here ?

**Mr. K. L. Panjabi** : I am not aware of that.

**Prof. N. G. Ranga** : Will Government make inquiries ?

**Mr. K. L. Panjabi** : We will.

**Lala Deshbandhu Gupta** : How long has this practice been in vogue in Bombay ?

**Mr. K. L. Panjabi** : I am not quite sure, but I think about a year.

**Lala Deshbandhu Gupta** : And what has been the public reaction to it ?

**Mr. K. L. Panjabi** : The public reaction, so far as I am aware, has been favourable.

**Lala Deshbandhu Gupta** : Does the public know about it ?

**Mr. K. L. Panjabi** : Yes, Sir, it has been given publicity.

#### INTRODUCTION OF AUTOMATIC TELEPHONE SYSTEM IN CALCUTTA

1282. **\*Mr. Tamizuddin Khan** : Will the Secretary of the Communications Department be pleased to state :

(a) whether Government propose to introduce the automatic system in the Calcutta Telephone Exchange ;

(b) if so, when the proposal is likely to materialise ; and

(c) if not, why not ?

**Mr. Masarrat Husain Zuberi** : (a) Yes.

(b) It is expected that the automatism will begin in 1949-1950 if no unforeseen circumstances interfere with the progress of the Scheme.

(c) Does not arise.

**Mr. Tamizuddin Khan** : Is it proposed to introduce the system region by region or simultaneously in the whole city ?

**Mr. Masarrat Husain Zuberi** : It is quite obvious that it cannot be taken up at once in all the sections of the city. A beginning has to be made somewhere and progress made gradually.

**Mr. Manu Subedar** : Have government made any effort, and if so what? to see that any manufacturing capacity in this country for the supply of any part with regard to these major changes in the telephone system is not left unprovided and that it is very fully utilised ?

**Mr. Masarrat Husain Zuberi** : Sir, I am afraid that it does not arise out of the question but I can reply to it. Before the war there was only one factory which was manufacturing telephone equipment in India. During the war we took over one more that was at Bombay and established a third one at Jubbulpore. In the post-war plans we have got schemes of expansion of all the three.

**Sri M. Ananthasayanam Ayyangar :** Is it not a fact that in the Alipore factory a number of hands were sent away who were quite competent to manufacture this and the quantity of manufacture has gone down ?

**Mr. Masarrat Husain Zuberi :** That again Sir, I submit, does not arise out of the question but I am prepared, if permitted, to reply to that also. There was a proposal about a year ago to shut down the Alipore factory and shift it to Jubbulpore and concentrate all manufacture there. But because of the protests made and further investigation done it was decided to keep the Alipore factory going. So there has been no sending away of men.

**Sri M. Ananthasayanam Ayyangar :** May I know the cost of the change-over to the automatic system in Calcutta ?

**Mr. Masarrat Husain Zuberi :** It will be about eight crores.

**Mr. Tamizuddin Khan :** Is it proposed to revise the present rates ?

**Mr. Masarrat Husain Zuberi :** I shall require notice of that question.

**Sri M. Ananthasayanam Ayyangar :** Has not the change-over been entrusted to a European concern who originally estimated the cost at two and a half crores which then went up gradually to five, six and seven crores ?

**Mr. Masarrat Husain Zuberi :** This is only an estimate ; the detailed report is still awaited.

**Sri M. Ananthasayanam Ayyangar :** My question is whether the original estimate was two crores and then it has gone up to seven crores.

**Mr. Masarrat Husain Zuberi :** It may be so—I am not sure about it. But the explanation for that may be that at first it was decided that there would be lines only for 54,000 connections. Now the plan is to provide for 20 year expansion and for 90,000 connections.

**Dr. Zia Uddin Ahmad :** Is it not a fact that in Delhi you have provision for 4,000 and in Bombay for 5,000 and it is, 90,000 in Calcutta ?

**Mr. Masarrat Husain Zuberi :** I do not think so.

**Sri M. Ananthasayanam Ayyangar :** May I know if all the material necessary is sought to be purchased through the agency of this firm in foreign countries ?

**Mr. Masarrat Husain Zuberi :** No, Sir.

PROPORTION OF MUSLIMS AND SCHEDULED CASTES IN APPOINTMENTS IN  
BENGAL ASSAM CIRCLE OF P. & T. DEPARTMENT.

1933. \***Mr. Tamizuddin Khan :** Will the Secretary of the Communications Department be pleased to state :

(a) the number of Superintendents, Gazetted Post-Masters, Post Masters of Grade B, Inspectors and Selection Grade Officers in the Bengal and Assam Circle of the Posts and Telegraphs Department and how many of them are Muslims, scheduled castes and others ; and

(b) in case the appointments held by any communities are short of the quota allotted to them, whether Government propose to make up the deficiencies ?

**Mr. Masarrat Husain Zuberi :** (a) A statement containing the required information is placed on the table of the House.

(b) The postings to various Circles are made according to administrative convenience and not on communal grounds. The question of making up deficiencies in the service as a whole is however engaging the attention of the Government.

Statement

Serial No.	Designation	Bengal Circle			Assam Circle			Remarks		
		Number of Muslims	Number of Scheduled castes	Others	Total Number	Number of Muslims	Number of Scheduled castes		Others	Total Number
1	Superintendents of Post Offices and R.M.S. (including Assistant Postmasters-General and Assistant Director of Posts and Telegraphs)	1	Nil	12	13	1	Nil	4	5	As on date.
2	Gazetted Postmasters	Nil	Nil	4	4	Nil	Nil	Nil	Nil	
3	Postmasters Grade B	1	Nil	28	29	Nil	Nil	2	2	As on 1-1-47.
4	Inspectors of Post Offices and R. M. S. and Head Clerks to Superintendents of Post Offices	9	Nil	76	85	2	Nil	18	20	
5	Other Selection grade officers	10	1	219	230	3	Nil	21	24	

N.B.—Khan Bahadur M. Ashraf Hussain, Chief Postmaster, Delhi, has recently been ordered to be promoted and posted as Presidency Postmaster, Calcutta. When he joins, there will be one Muslim Gazetted Postmaster against three others.

SPLITTING UP INTO TWO CIRCLES OF ASSAM BENGAL CIRCLE OF P. & T.  
DEPARTMENT.

**1284. \*Mr. Tamizuddin Khan:** Will the Secretary of the Communications Department be pleased to state:

(a) whether the Assam Bengal Circle of the Posts and Telegraphs Department has been split up into two independent circles;

(b) if so, the percentages of appointments that have been reserved for different communities in each of the two circles; and

(c) if any reservations have been made, whether they are in accordance with the proportions of the communities concerned in the population of each circle; and if not, the reasons therefor?

**Mr. Masarrat Husain Zuberi:** (a) Yes.

(b) and (c). The matter is under consideration.

GRANT OF AN "F" GROUP LICENCE FOR HANDLOOMS TO MESSRS SOOBASHAH  
TEXTILE LTD. OF CALCUTTA.

**1285. \*Dr. Zia Uddin Ahmad:** Will the Honourable Member for Industries and Supplies please state:

(a) whether it is a fact that Messrs. Soobashah Textiles Ltd., of Calcutta applied for an "F" Group License for 75 handlooms; on the ground that these handlooms were required for manufacturing articles for the purpose of Relief Committees functioning in Bengal and Behar and that the same was negatived by the Commissioner of Textiles, Government of India, Bombay; if so, the reasons therefor;

(b) whether the applying party had also mentioned that a number of refugees would be provided with work at the installation of the looms; and

(c) whether Government propose to consider the advisability of granting Licenses in such cases?

**The Honourable Sri C. Rajagopalachari:** (a) and (b). The answers to the questions are in the affirmative. But on account of well known insufficiency of yarn, quotas are given only for looms in operation before 30th September, 1944. The available supplies are not sufficient to cater for looms that have been in existence for years before that date. The party concerned appears to have been operating 75 looms already and was intending to double his concern on the ground of temporary relief-work proposed to be undertaken. The concerned Provincial Government could give what it considered fit out of its quota. There is no residuary stock on which this Government could operate in favour of such applicants outside the quotas distributed to several provinces. The Government of Bengal could have recommended for allocation out of its quota to this applicant in spite of the looms being new. This was not done presumably because its quota was not capable of bearing extended distribution.

(c) The suggestion cannot be worked. Very noble objects have to be regretfully left unfulfilled when there is not enough of the required material to go round.

**Dr. Zia Uddin Ahmad:** Is the Honourable Member aware that in the U. P. the handloom weavers work for only three days in a month and are idle for 27 days on account of the shortage of yarn?

**The Honourable Sri C. Rajagopalachari:** I am aware of want of full capacity employment in the provinces but three days out of a month is perhaps an exaggeration.

**Dr. Zia Uddin Ahmad :** It is not an exaggeration in my constituency at least because I have received a deputation on this question. Is the Honourable Member aware that a good portion of the yarn supplied to the U. P. has been taken by manufacturers and has not gone to the handloom weavers ?

**The Honourable Sri C. Rajagopalachari :** That is the responsibility of the provinces. The quota supplied to a province is to be distributed by the province in accordance with its own rules and regulations.

**Dr. Zia Uddin Ahmad :** You have created such a situation by placing the handloom weavers at the mercy of the manufacturers.

**Mr. President :** Order, order ; next question.

#### EXPORT OF ANIMAL FLESH

1286. **\*Pundit Thakur Das Bhargava:** (a) Will the Secretary of the Food Department kindly state whether flesh (dried or otherwise) of animals is exported from India. If so, to what countries and of which animals?

(b) What are the quantities of exports for each year during the period 1942—46?

**Mr. K. L. Panjabi :** (a) Export of fresh, dried, canned or any other sort of meat from India is prohibited, with the exception of piggery products the export of which has recently been permitted.

(b) I regret the information is not available.

#### REPORT OF THE VANASPATI ADVISORY COMMITTEE

1287. **\*Pundit Thakur Das Bhargava:** (a) Will the Secretary of the Food Department kindly state whether the Vanaspati Advisory Committee has submitted its report to Government?

(b) What are the names of the members of the Committee?

(c) If the reply to part (a) be in the affirmative do Government propose to place a copy of the report in the Library of the House or circulate the same to the members of the House?

(d) Have Government passed any orders on the said report?

(e) Has the report been published?

(f) Do Government propose to invite public criticism on it and defer their orders until the general public have expressed their opinion?

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

(b) A list of members is placed on the table of the House.

(c) A copy of the Report is placed in the library of the House.

(d) No, Sir. These are now kept pending the results of research in the nutritive value of Vanaspati.

(e) No, Sir.

(f) Government have been receiving, and will no doubt continue to receive, criticism on the form of control which Government should adopt towards this industry.

*Members of the Vanaspati Advisory Committee*

Chairman :—Vishnu Sahay, Esq., I.C.S., Vegetable Oil Products Controller.

1. Sir Pheroze Kharegat or his nominee,  
(representing the Agriculture Department.)
2. S. Y. Krishnaswami, Esq., I.C.S.,  
(representing the Madras Government.)
3. Dr. J. L. Sarin,  
(representing the Punjab Government.)
4. Mr. Raghunath Rao Bhau Rao Patil,  
(representing the Bombay Government.)
5. Mr. D. Y. Athawale, Principal, Harcourt Butler,  
Technological Institute, Cawnpore.
6. Dr. V. K. R. V. Rao,  
Planning Advisor, Food Department.
7. Dr. B. C. Guha,  
Chief Technical Adviser, Food Department.
8. Mr. C. S. Pettit of Messrs. Hindustan Vanaspati Mfg. Co., Bombay.
9. R. B. Mahanarain of Ganesh Flour Mills Co., Delhi, Cawnpore, and Lyallpur.
10. R. B. Harishchandra, Advocate, Delhi.
11. Dewan Kamakhya Datta Ram, Lucknow.
12. Sir S. K. Sanmukham Chetty,  
(to represent the Chancellor of the Chamber of Princes.)
13. Mr. Zahid Hussain,  
(to represent Indian States.)

**Dr. Zia Uddin Ahmad :** In view of the fact that Vanaspati has no food value at all and is therefore not a food, why should it be under the Food Department and not transferred to the Supply Department ?

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

## (b) WRITTEN ANSWERS

## REPRESENTATION OF ALL-INDIA KISAN CONGRESS ON THE CENTRAL FOOD ADVISORY COUNCIL.

1288. \*Prof. N. G. Ranga: (a) Will the Secretary of the Food Department be pleased to state when the Central Food Advisory Council was formed and when it is due to be re-constituted ?

(b) Who are its members ?

(c) Are any peasant organizations like the All-India Kisan Congress given any representation and if not, whether such representation will be given; if so, when ?

(d) Is it a fact that the Federation of Rural Peoples Organizations asked for representation on this Council more than one year ago and if so, what action has so far been taken to give it representation ?

(e) How often has this Council met during the year 1946 and what were its recommendations ?

**Mr. K. L. Panjabi :** (a) The present Central Food Advisory Council was formed in March, 1944. The question of its reconstitution will be taken up after the re-organisation of the Food and Agriculture Departments, which is in hand.

(b) A list of the members is laid on the table of the House.

(c) and (d). The Honourable Member himself was requested in August last to accept membership of the Council to represent the interests of the peasants, but no reply was received from him.

(e) The Council met once during the last year and a copy of its proceedings is laid on the table of the House.†

LIST OF MEMBERS OF THE CENTRAL FOOD ADVISORY COUNCIL

NAMES

1. Syed Aizaz Rasul, M.L.A.	}	Representatives of Producers and Land lord.		
2. Nawab Major Jamshed Ali Khan, M.B.F.				
3. Sir Williams Roberts, C.I.E., M.L.A.				
4. Raja Sahib of Jahangirabad, M.L.A.				
5. Sir Datar Singh.				
6. Sardar Vivek Singh.				
7. Ch. Mukhtar Singh.				
8. Sir Mani Lal B. Nanavati.				
9. Mr. Ivor Bull, M.B.E.				
10. Mr. B. Ramachandra Reddy, C.B.E.				
11. Hon'ble Mr. H. D. Townend, (Associated Chamber of Commerce).	}	Representatives of Chambers of Commerce.		
12. Mr. Gurusharan Lal (Federation of Indian Chamber of Commerce).				
13. Mr. Fazalbhoy I. Rahimtoola, C.I.E., J.P.	}	Representatives of Trade.		
14. Sir Purshotamdass Thakardas, C.I.E., M.B.E.				
15. Mr. D. P. Khaitan, M.L.A.				
16. Sardar Sontokh Singh, ex-M.L.A.				
17. Mr. Mohd. Hussain Hashim Premji.				
18. Mr. Hussainbhoy A. Lalljee.				
19. Mr. N. C. Mehta I.C.S. (Retd.)	}	Representatives of Banks.		
20. Mr. G. D. Puri.				
21. Mr. S. R. Jariwala,	}	States Representatives.		
22. Col. B. H. Zaidi, C.I.E.				
23. Mr. Narayan Iyer.				
24. Mr. K. F. Haider.				
25. Mr. Mir Akbar Ali Khan, Bar-at-Law.				
26. Dewan Bahadur Sir T. Vijayaraghavacharya, K.B.E	}	Leaders of Public Opinion.		
27. Dewan Bahadur Sir Gopalaswami Ayyangar, C.S.I., C.I.E.				
28. Hon'ble Pandit H. N. Kunzru.				
29. Sir Shanmukam Chetty, K.C.I.E.				
30. Seth Yusuf Abdullah Haroon, M.L.A.				
31. Mr. Neville Wadia.				
32. Sir Madhoreo G. Deshpande.				
33. Mr. N. R. Sarkar.				
34. Begum J. A. Shah Nawaz, M.B.E.			}	Women's Representatives.
35. Rani Phul Kumari (of Sherkot), M.B.E.				
36. Prof. G. D. Parikh.	}	Labour Representative.		
37. Prof. Subramanyan.				
38. Prof. N. G. Ranga.			Acceptance not yet received.	

SELECTION OF MEMBERS OF PRICES ADVISORY COUNCIL OF THE FOOD DEPARTMENT

1289. \*Prof. N. G. Ranga: Will the Secretary of the Food Department be pleased to state:

(a) whether there is a Prices Advisory Council attached to the Food Department;

(b) who its members are and how they are selected;

†Not printed in these Debates. A copy placed in the Library.—ED. of D.



(c) whether the Federation of Rural Peoples Organizations has been given any representation on it; and if not, when such representation will be given; and

(d) how often this Council meets, when it met last and what were its recommendations?

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

(b) The Committee consists of representatives of the Federation of Indian Chambers of Commerce and Industry, Associated Chambers of Commerce and of Bengal and Punjab Producers, and a non-official trade representative, in addition to representatives of the Departments of Food, Agriculture and Finance of the Government of India.

(c) No, Sir. In view of the setting up of the Commodities Prices Board, the Price Advisory Committee of the Food Department will now cease to function.

(d) The Committee normally met twice a year. Its last meeting was held in October 1946 to consider the prices of Kharif grains. The recommendations of the Committee are treated as confidential.

#### ACUTE SHORT SUPPLY OF SOFT COKE DUE TO SHORTAGE OF WAGONS

**1290. \*Mr. Nagendranath Mukhopadhyay:** Will the Honourable Member for Industries and Supplies be pleased to state:

(a) whether Government are aware that there is an acute shortage of soft coke (house coal) for domestic consumption in all towns and cities in India and particularly in the Province of Bengal; if so, the reasons therefor;

(b) whether Government are aware that there has been no regular supply of wagons for a long time past for soft coke loading; and

(c) in view of the great hardship caused to the people by reason of non-supply of soft coke, whether Government propose to place the supply of wagons for soft coke loading on a high priority along with other essential supplies?

**The Honourable Sri C. Rajagopalachari :** (a) Government are aware that the supply of soft coke for domestic consumption has been short for some months past, the reason being the restricted transport available for coal movements. This has affected coal supplies to all classes of consumers.

(b) It is not a fact that there has been no regular supply of wagons for moving soft coke. Wagons are allotted with due regard to the requirements of all classes of consumers. Average despatches of soft coke in recent months of admitted shortfall have been about 45,000 tons or about 67 per cent. of allocations. Despatches to industries during these months have been 75 per cent. of allocations.

(c) Instructions have been issued requiring that the needs of domestic consumption should be borne in mind. It is difficult to compare the importance of essential things, but it should be remembered that railways, mills and electric utilities have no alternative supplementary fuel whatsoever, which is not quite the case with domestic fireplaces.

#### TARGET OF SOFT COKE PRODUCTION

**1291. \*Mr. Nagendranath Mukhopadhyay:** (a) Will the Honourable Member for Industries and Supplies be pleased to state what is the present target of soft coke production?

(b) What steps have Government taken to reach the target?

**The Honourable Sri C. Rajagopalachari:** (a) The Indian Coalfields' Committee have recommended that the increased use of soft coke for domestic purposes up to a target of about 2·3 million tons by 1956 should be aimed at. The present target for despatches of soft coke is about 800,000 tons per annum and actual production probably exceeds this figure.

(b) The recommendation of the Indian Coalfields' Committee must be viewed in the light of the available movement capacity. In developing our plans about transport we will undoubtedly take into account the need for increased use of soft coke as domestic fuel.

#### PRIORITIES FOR LOADING BRICK BURNING COAL

**1292. \*Mr. Nagendranath Mukhopadhyay** Will the Honourable Member for Industries and Supplies be pleased to state whether it is a fact that supply of wagons for loading brick burning coal is on a very low priority, and if so, whether in view of the extreme housing shortage in the country, Government propose to consider the advisability of giving it a higher priority?

**The Honourable Sri C. Rajagopalachari:** It is true that coal for brick burning enjoys a lower priority than coal for Railways, bunkers, iron and steel works, cotton mills etc. On the other hand, supplies of brick-burning coal are maintained during the monsoon months, unlike as for other seasonal consumers, so as to enable kilns to build up reasonable stocks at the start of the brick-burning season. With restricted rail transport, it has not been possible lately to meet the full demand. As soon as transport position improves, coal supplies for brick-kilns will be augmented.

#### EXTENSION TO COAL COMMISSIONER

**1293. \*Mr. Nagendranath Mukhopadhyay:** (a) Will the Honourable Member for Industries and Supplies be pleased to state whether Government have given any extension to the present Coal Commissioner since the expiry of his normal tenure?

(b) Have Government made any recommendation so far for the better administration of coal fields, improvement of coal trade and for the better distribution of coal to different consuming groups?

(c) If so, what are those recommendations and how far they are acted upon? If no action has been taken, why?

**The Honourable Sri C. Rajagopalachari:** (a) Yes, Sir. He is being re-employed as Coal Commissioner for a further period of one year from the 26th February 1947.

(b) and (c). The Honourable Member is perhaps referring to the recommendations of the Indian Coalfields Committee which submitted its report in September last. The recommendations of the Committee cover a wide field and are under consideration by Government. A copy of the report is available in the Library of the House.

#### LAWLESSNESS IN DARBHANGA AND ON RAILWAY TRAINS ON THE O.T. RAILWAY

**1294. \*Mr. Madandhari Singh:** (a) Will the Honourable Member for Railways be pleased to state whether the attention of Government has been drawn to the news published in the *Indian Nation* of the 14th March 1947 under the heading "Lawlessness in Darbhanga"?

(b) Are Government aware that lawlessness in railway trains on the Oudh and Tirhut Railway has now reached its zenith and both life and property of the travelling public are in danger?

(c) Is it a fact that two thousand labourers from Bahera travelled without tickets in their hunger march from Sakri sitting not only in coaches, guard's van and engine room, but also on the roof of the train on 11th March 1947?

(d) If the answers to parts (a) to (c) above be in the affirmative, what actions have been taken or are proposed to be taken to put a stop to such lawlessness?

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

(b) Government are aware that disorderly conditions sometimes obtain, but they are unaware of any incidents which have placed the life and property of the travelling public in jeopardy.

(c) On 11th March 1947, train No. 46 down from Jaynagar to Samastipur arrived at Darbhanga at 14-15 hours with all compartments crowded out and with about three to four hundred passengers seated on the roofs and footboards of carriages and even on the engine. Many of these passengers belonged to the Kisan party and were travelling without tickets to Laheria Sarai to hold a party meeting there. They were removed from the roofs, footboards and engine with the help of the police.

(d) Everything possible is being done by the railway staff with the help of the available police to stop these irregular practices, but the desired result has not yet been obtained. The Provincial Government have been moved and they are taking appropriate action to increase the strength of the railway police. As the Honourable Member is aware, the Railways' (Emergency Provisions) Ordinance, 1946, promulgated in December 1946 provides for increased penalties for offences under the Indian Railways Act, 1890, such as needless interference with means of communication, maliciously hurting or attempting to hurt persons travelling by railway, maliciously wrecking or attempting to wreck a train etc.

#### ADDITIONAL POSTMASTER GENERAL OF ORISSA

**1295. \*Sri Bhagirathi Mahapatra:** Will the Secretary of the Communications Department please state:

(a) whether it is a fact that the Additional Postmaster General of Orissa has been vested with full powers of the Postmaster General: and

(b) whether it is a fact that the office of the said Additional Postmaster General of Orissa is located at Puri instead of at Cuttack, which is at present the seat of the Provincial Government and if so, why?

**Mr. Masarrat Husain Zuberi :** (a) No; the question of delegation of administrative and Financial powers of the Head of a Circle, to the Additional Postmaster General of Orissa, is under consideration.

(b) Yes; this has been done in consultation with the Provincial Government due to the dearth of accommodation at Cuttack. It is the intention to move the office ultimately to the site selected for the New Capital of Orissa.

#### BUILDING FOR R.M.S. OFFICE AT KHURDA ROAD STATION ON B.N. RAILWAY

**1296. \*Sri Bhagirathi Mahapatra:** Will the Secretary of the Communications Department please state:

(a) whether there was a proposal for constructing a building for the location of the R. M. S. office at the Khurda Road station on the Bengal Nagpur Railway; and

(b) whether the said proposal has been given effect to; and if not, the reasons therefor?

**Mr. Masarrat Husain Zuberi :** (a) and (b). The proposal to open a Mail office at the Khurda Road Railway station is under consideration of Government and the availability of accommodation is under correspondence with the Railway.

#### HEADQUARTERS OF THE SUPERINTENDENT OF R.M.S. DIVISION FOR ORISSA

**1297. \*Sri Bhagirathi Mahapatra :** (a) Will the Secretary of the Communications Department please state whether Government are aware that the Headquarters of the Superintendent of the R. M. S. Division for Orissa have been located outside Orissa?

(b) If so, do Government propose to shift the same to Cuttack or to some suitable place in Orissa and if so, when?

(c) Do Government propose to take steps to prevent delay and detention of mail service between Cuttack and Vizianagram?

**Mr. Masarrat Husain Zuberi :** (a) There is no separate R.M.S. Division for Orissa. The R.M.S. 'N' Division serves not only Orissa but also the coastal portion of South Bengal (B. N. Railway line).

(b) No.

(c) Government are not aware of any delay in the disposal of mails between Cuttack and Vizianagram.

#### IMPROVEMENT OF CATTLE AND PRODUCTION OF MORE MILK AND GHEE

**1298. \*Mr. Mohammad M. Killedar :** Will the Secretary of the Agriculture Department please state:

(a) the steps Government have taken to improve the cattle of India; and

(b) what plans Government have to produce more milk and ghee which are essential for the health of the public?

**Sir Pheroze Kharegat :** (a) The improvement of cattle depends on three factors, viz (1) better breeding (2) better feeding and (3) disease control.

The Indian Council of Agricultural Research has sanctioned a number of schemes under all three heads, a list of which is given in the annual report of that body, a copy of which is in the Library. The Central Government maintain pedigree herds at Delhi, Karnal, Izatnagar and Bangalore the offspring of which are available for grading up cattle. Institutions are maintained for research on cattle diseases, nutrition and dairying. A farm for breeding dual purpose animals is being established at Jubbulpore. A proposal for starting a farm for milk breeds has been recently sanctioned by the Standing Finance Committee on condition that as far as possible non-recurring expenditure (*i.e.* that on land and buildings) should not be incurred.

A statement is placed on the table showing the various breeding schemes included in the provincial five year plans. Gaushala development schemes are already in operation in Ajmer, Bengal, the C. P., Orissa, Sind and the U. P. Artificial insemination centres have been established at Izatnagar, Calcutta, Patna, Bangalore and Montgomery. Schemes for the salvage of dry cattle are in operation in Bombay and Madras and a scheme will shortly be started for the purpose in Calcutta.

The steps that are being taken for disease control through the increase of veterinary dispensaries, inoculation against contagious diseases etc., will help in increasing the cattle population.

The proposals for the increased cultivation of green fodder, the provision of silage, the introduction of rotational grazing and the subsidised distribution of concentrates, will result in better and more cattle.

(b) The plans for the increased production of milk and ghee include (i) the provision of the required type of technical staff ; (ii) the carrying out of rapid surveys of milk producing and consuming areas ; (iii) the increased production and conservation of green and succulent fodder ; (iv) the distribution of concentrates at subsidised rates ; (v) the provision of an adequate supply of water for cattle and dairying purposes in rural areas ; (vi) the provision of facilities for the profitable marketing of milk and ghee on an organised basis (e.g. through rural cooperative milk unions and ghee societies) ; (vii) the establishment of farms for the production of breeding bulls ; (viii) the salvage of dry cattle and the colonization of dislodged cattle from urban areas ; (ix) the introduction of artificial insemination on a wider scale ; and (x) the organisation and development of Gaushalas for increased milk production.

PROVINCIAL FIVE YEAR POST WAR PLANS FOR DEVELOPMENT  
AND IMPROVEMENT OF CATTLE

		Rs.
1. ASSAM	Preservation of productive cattle and young stock	(1,91,631)
2. BIHAR	(i) Establishment of a farm for breeding cattle at Pussa	(2,35,000)
	(ii) Establishment of breeding farm in Shahabad	(14,54,000)
	(iii) Establishment of breeding farm for draught cattle	(15,22,000)
	(iv) Establishment of buffalo breeding farm at Segaya	(5,35,000)
	(v) Establishment of 5 Dairy Demonstration farm for cows and buffaloes	(30,47,000)
	(vi) Subsidising Gowshalas for breeding work	(3,00,000)
3. BOMBAY	Scheme for extensive work in livestock improvement (cattle breeding)	(6,05,000)
4. C.P. & BERAR	(i) Veterinary College and Livestock Research Institute	(15,73,000)
	(ii) Dairy units in towns	(39,17,000)
	(iii) Pedigree bulls	(3,25,000)
5. MADRAS	(i) Improvement of livestock	(62,50,000)
	(ii) Opening of livestock farm for each distt.	(37,86,000)
	(iii) Purchase of male breeding stock—grants for	(10,00,000)
6. N.W.F.P.	(i) Establishment of buffalo and cow breeding farm at Peshawar	(12,12,227)
	(ii) Establishment of Dhani cattle and ponies breeding farm	(8,70,050)
	(iii) Establishment of Lohani cattle breeding farm at Kohat	(6,39,869)
7. ORISSA	(i) Expansion of Provincial Livestock breeding farm at Angul (Cutback)	(2,88,000)
	(ii) Establishment of District Breeding farm	(6,63,000)
	(iii) Supply of pedigree livestock to subsidized mixed farms	(37,000)
8. PUNJAB	Livestock breeding	(20,69,120)
9. U. P.	(i) Establishment of Livestock Research Station	(23,28,000)
	(ii) Establishment of Dairy Demonstration farms	(53,13,000)

FUNCTIONS OF ANIMAL HUSBANDRY COMMISSIONER AND CATTLE CONSERVATION OFFICER OF GOVERNMENT OF INDIA.

**1299. \*Mr. Mohammad M. Killedar:** Will the Secretary of the Department of Agriculture please state, what are the functions of the Animal Husbandry Commissioner to the Government of India and the Cattle Conservation Officer of the Government of India, and what pay they receive?

**Sir Pheroze Kharegat :** The Animal Husbandry Commissioner is a whole-time officer of the Indian Council of Agricultural Research and advises the Council on all matters connected with research in animal husbandry and veterinary matters. He receives a salary of Rs. 2,750 p.m. in the scale of Rs. 2,500—125—2,750 *plus* an overseas pay of £13-6-8, when admissible.

The Cattle Utilisation Adviser renders technical advice as regards the proper management of gowshalas and the salvage of dry cattle. The present incumbent of the post was appointed in 1944 on a nominal pay of Re. 1 p.m.

QUALIFICATIONS FOR THE POST OF ANIMAL HUSBANDRY OFFICER.

**1300. \*Mr. Mohammad M. Killedar:** Will the Secretary of the Department of Agriculture please state:

- (a) when the present Animal Husbandry Officer, will retire;
- (b) whether there is any Indian in the Department who can succeed him; and
- (c) what are the qualifications laid down for the post of Animal Husbandry Officer and how the appointment is made?

**Sir Pheroze Kharegat :** (a) The term of appointment of the present incumbent of the post of Animal Husbandry Commissioner is due to expire on the 15th February, 1948.

(b) The question of appointing an Indian officer to succeed him is under consideration.

(c) A reference is solicited to the recommendations of the Royal Commission on Agriculture who laid down that the Animal Husbandry Commissioner should have secured a leading position as an authority on questions of live-stock breeding, animal nutrition or veterinary medicine. Appointment to this post is made by the Governor General in Council on a tenure basis on the recommendations of a Selection Board or of the Federal Public Service Commission as the case may be.

PROPOSAL FOR AN ANIMAL HUSBANDRY COLLEGE AT DELHI.

**1301. \*Mr. Mohammad M. Killedar:** Will the Secretary of the Department of Agriculture please state:

- (a) whether there is any proposal to start an Animal Husbandry College at Delhi;
- (b) if so, the aim of such an institution, whether it will be a teaching institution or research work will also be undertaken there;
- (c) who will be entrusted with the work of organising this College;
- (d) whether Government have selected a Principal for this College; and
- (e) if so, what is the name of the Principal?

**Sir Pheroze Kharegat :** (a) A proposal for such a College was put up to the Standing Finance Committee but it has decided to postpone consideration pending an examination of Central post-war developmental plans.

(b) The proposed College was meant primarily for teaching up to the B.Sc. and M.Sc. standards ; the latter was intended to avoid the necessity of sending students for training abroad for the M.R.C.V.S. It was not proposed to undertake research at the College, except in so far as such research is necessary for teaching.

(c) An officer had been placed on special duty to work out the syllabus, curriculum etc.

(d) No, Sir.

(e) Does not arise.

#### DISPOSAL OF BUILDINGS CONSTRUCTED OR PURCHASED BY DEFENCE DEPARTMENT DURING AND AFTER WAR.

**1302. \*Prof. N. G. Ranga:** Will the Honourable Member for Industries and Supplies be pleased to state :

(a) whether the Disposals Enquiry Committee has considered the manner in which the various buildings constructed or purchased by the Defence Department during and after the war, are to be utilised or dismantled and sold away ;

(b) if so, what are its recommendations ;

(c) whether Government are aware of the serious housing shortage prevailing in rural parts and also in towns ; and

(d) whether Government propose to consider the advisability of not dismantling the said unused and no longer useful buildings of the Defence Department coming up for disposals but handing them over to the local Municipalities or Village Panchayats or Local Governments on condition that such buildings will be utilised for residential or business purposes ?

**The Honourable Sri C. Rajagopalachari :** (a) This was not one of the terms of reference of the Disposals Enquiry Committee.

(b) Does not arise.

(c) Understanding 'housing shortage' to be a problem concerning men who have full employment but who suffer from difficulties in finding living accommodation Government are not aware of serious housing shortage prevailing except in central and provincial capitals and very large towns.

(d) No. Defence Department building is dismantled unless it is found, in the case of buildings on requisitioned lands ; which have to be returned, that the owner does not wish to take it over at a reasonable price. In the case of buildings on acquired lands, the general policy is to offer the land and the construction thereon first to other Departments of the Central Government, then to the Provincial Governments and thereafter to others. If Local Municipalities and Village Panchayats are interested in such properties the proper course for them would be to approach their Provincial Governments who are apprised of the availabilities from time to time.

#### BAD CONDITION OF WATER TAPS AND TANKS ON RAILWAY CARRIAGES.

**1303. \*Prof. N. G. Ranga:** Will the Honourable Member for Railways be pleased to state :

(a) if Government are aware of the very bad condition of the water tanks and taps in the third, second and inter-class railway carriages, especially in the third class carriages ; and

(b) whether any steps are being taken to employ the necessary mechanics at Junction Stations to set right the taps etc. when passengers draw the attention of station authorities thereto ?

**The Honourable Dr. John Matthai :** (a) Yes. Government are aware of the condition of fittings in coaching stock including water taps and tanks.

(b) Maintenance staff are available at certain selected stations to carry out whatever repairs are possible when complaints are made by passengers. Now-a-days such staff are not able to render such effective assistance as previously due to the lack of necessary materials with which to effect repairs.

**ISSUE OF RAILWAY COUPON TICKETS TO COMMERCIAL AND OTHER PROFESSIONAL PEOPLE.**

**1304. \*Prof. N. G. Ranga :** Will the Honourable Member for Railways be pleased to state :

(a) whether any efforts are being made to issue railway coupon tickets for third and inter classes, to commercial, educational and other professional people; and

(b) if not, whether Government propose to consider the advisability of offering this concession?

**The Honourable Dr. John Matthai :** (a) No.

(b) The advisability of introducing coupon tickets for inter and third class cannot be considered until travel conditions have improved sufficiently to justify steps being taken by railways to attract additional traffic by this means.

**MONOPOLY FOR RUNNING BUS SERVICE ON URBAN ROUTES OF DELHI AND NEW DELHI TO G.N.I.T. CO., DELHI.**

**1305. \*Dr. J. C. Chatterjee :** Will the Honourable Member for Transport please state :

(a) whether it is a fact that the G. N. I. T. have been granted the monopoly for running Bus services on the urban routes of Delhi and New Delhi;

(b) whether it is a fact that the G. N. I. T. have been granted the monopoly for running Bus services in four out of the six rural routes in Delhi Province, one of which four routes is the Delhi Mehrauli route;

(c) whether it is a fact that the Local Government of the Chief Commissioner, Delhi, and the Provincial Transport Authority, Delhi, have rejected all applications from, and refused permits to, every other Transport Company of Delhi Province for the urban routes and the four rural routes mentioned above; and

(d) whether it is a fact that an appeal was made to the Transport Member regarding the monopoly granted to the G. N. I. T. by the Chief Commissioner, Delhi and the Delhi Provincial Transport Authority, Delhi, for the rural route Delhi to Mehrauli and that the Transport Member expressed his inability to interfere?

**The Honourable Dr. John Matthai :** (a) Not entirely. The Delhi Electric Supply and Traction Company which has now been incorporated in the Delhi Central Electric Power Authority has been running trolley buses on one of the urban routes in Delhi. The G.N.I.T. Co. have a monopoly on the remainder.

(b) The G.N.I.T. Co. have the monopoly on four rural routes *viz.* the Delhi-Shahdara, Delhi-Mehrauli, Delhi-Okhla and Delhi-Najafgarh routes. There are six other rural routes.

(c) All other applications for operating on the urban routes and the four rural routes referred to have been refused.

(d) Yes.



**SAFEGUARDING OF INTERESTS OF EXISTING TRANSPORT COMPANIES OTHER THAN G.N.I.T. Co., IN DELHI.**

**1306. \*Dr. J. O. Chatterjee:** (a) Will the Honourable Member for Transport please state the reasons for refusing to interfere with the decision of the Chief Commissioner granting a monopoly of the Delhi Mehrauli route to the G. N. I. T.?

(b) What steps, envisaged by the answer given to part (b) of starred question No. 14 asked on the 28th October, 1946, regarding the monopoly of the G. N. I. T. Company for running bus services in Delhi Province have been taken with reference to the future of Delhi Transport?

(c) Do Government propose to give an assurance to the House that in any discussion, where the future of Delhi Transport is considered, the interests of recognised existing owners of Transport Companies in Delhi Province other than the G. N. I. T. will be safeguarded?

**The Honourable Dr. John Matthai :** (a) There is no provision in the Motor Vehicles Act or rules for review of the orders passed by the prescribed appellate authority, who in this case is the Chief Commissioner, Delhi,

(b) I would invite the Honourable Member's attention to the reply given to Sardar Mangal Singh's starred question No. 128 on the 7th February 1947.

(c) It is the intention of Government that the interests of all recognised existing operators should be safeguarded in any scheme of reorganisation of transport.

**CIRCLE RATIONING OFFICERS IN DELHI.**

**1307. \*Maulana Zafar Ali Khan:** (a) Will the Secretary of the Food Department please state what is the number of the Circle Rationing Officers in the Delhi Rationing Headquarters?

(b) How many are Muslims and what is the number of Sikhs and Hindus?

(c) What is the percentage of Muslims, Sikhs and Hindus in the other gazetted and non-gazetted posts in the Delhi Rationing Headquarters?

(d) What steps have so far been taken by the authorities to stamp out corruption in the Rationing Organisations?

(e) Has any officer of the Rationing Organisation been tried for corruption?

(f) How many Ration Circles are at present functioning in Delhi and New Delhi and how many more Government propose to open in the near future?

(g) Why is the wheat supplied in Delhi of inferior quality and what steps do Government propose to take to supply a better quality of wheat in the near future?

(h) How many qualities of sugar are being supplied in Delhi and New Delhi?

(i) How many dealers are Muslims and what is the number of Sikh and Hindu contractors and dealers?

**Mr. K. L. Panjabi :** (a) The total sanctioned strength of Circle Rationing Officers is 22 ; of these four are working at Headquarters.

(b) Muslims 5, Sikh 1, Hindus 15 and Vacant 1.

(c) *Gazetted Staff.*—Muslims 36 per cent., Hindus 57 per cent. and Sikhs 7 per cent.

*Non-Gazetted Staff.*—Muslims 27 per cent., Sikhs 5 per cent. and Hindus 63 per cent.

(d) *Enforcement Staff*.—The Inspectorate Staff of the Rationing Organisation makes enquiries and reports on cases of corruption both as regards the staff and the authorised dealers and establishments. Enforcement Staff has also been appointed under an Additional Superintendent of Police to investigate into cases of corruption independently of Rationing Organisation

Administrative and legal action is taken by dismissal, termination of services and/or trial by court on charges of corruption.

Further, a Reorganisation Committee has been appointed to advise or measures for the improvement of efficiency and honesty in the Department.

(e) Yes, two Officers have been tried.

(f) Delhi 12 and New Delhi 7. There is at present no proposal to open any new Circles.

(g) In view of the acute scarcity of wheat, there can be no choice as regards quality, but steps are taken to clean the wheat before distribution whenever it is found to be necessary.

(h) Two qualities of sugar *viz.*, (i) Daurala and (ii) Mohiuddinpur and Begamabad sugar, are supplied.

(i) The total number of authorised retail dealers is 575 of whom 169 are Muslims, four Sikhs and 402 Hindus.

#### SENIORITY LIST OF EMPLOYEES IN THE OFFICE OF D.G. INDUSTRIES AND SUPPLIES.

1308. \*Hajee Chowdhury Mohammad Ismail Khan: (a) Will the Honourable Member for Industries and Supplies please state whether any seniority list showing the position of Assistants, Assistants-in-Charge and Superintendents has been prepared in the office of the Director General, Industries and Supplies? If so, when was it compiled?

(b) If the answer to first part of part (a) above be in the affirmative, has the seniority list been compiled in accordance with the instructions contained in the Home Department O. M. No. 20/50/44-Est(S), dated the 28th August, 1946?

(c) If the answer to part (b) above be in the negative, in what respects the list does not fulfil the conditions laid down in the Home Department O. M. referred to in part (b) and why?

**The Honourable Sri. C. Rajagopalachari :** (a) Provisional seniority lists showing the position of Assistants, Assistants-in-Charge and Superintendents have been prepared in respect of the staff of the D.G.I.&S. The Staff of the D.G.I.&S. has been drawn from various units of the Supply Department from several stations. Preparation of a combined seniority list was taken up in August, 1946, by which time a large proportion of the staff was in position at New Delhi. Modifications and alterations to the list were made from time to time as more staff joined, or as particulars of existing staff became available.

(b) The original provisional combined seniority lists were not prepared in accordance with the Home Department Orders referred to, as these orders had not been received at the time preparation of the lists was commenced. On receipt of the orders in the D.G.I.&S., revision of the list in accordance with them was taken up. Lists of Assistants and Assistants-in-Charge have been compiled in accordance with these orders, but some points arising out of them yet remain to be settled.

A provisional seniority list in respect of Superintendents was prepared in accordance with the orders previously in force. This list is being revised in accordance with the Home Department orders.

(c) The existing provisional seniority list of Superintendents has been prepared, taking date of appointment to grade as the relative order of seniority. It does not give any degree of preference to permanent, quasi-permanent etc., staff, or preference in other respects, as laid down in the Home Department Orders. As stated at (b) above, this list is being revised.

**FIXATION OF SENIORITY OF DIRECT AND OTHER RECRUITS IN OFFICE OF D.G. INDUSTRIES AND SUPPLIES ACCORDING TO HOME DEPARTMENT INSTRUCTIONS.**

**1309. \*Hajee Chowdhury Mohammad Ismail Khan:** (a) Will the Honourable Member for Industries and Supplies please state whether any panels of Assistants-in-Charge and Superintendents have been formed in the Directorate General of Industries and Supplies?

(b) If the answer to part (a) above be in the affirmative, were these panels formed after the 28th August 1946, i.e., the date on which the Home Department issued instructions for fixation of seniority of direct and other recruits to the ministerial establishment of the Government of India and their Attached Offices?

(c) If the answer to part (b) above be in the affirmative, were the panels formed in accordance with the instructions of the Home Department? If not, why not?

(d) If the answer to part (a) above be in the negative, has this non-compliance with the Home Department instructions in the matter of fixation of seniority, adversely affected any persons employed in the office of the Director General, Industries and Supplies? If so, do Government propose to redress the grievances of such persons? If not, why not?

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

(b) and (c). The panels were formed before the receipt of Home Department orders by the D.G.I.&S. Since then, the panels are being revised in accordance with those orders.

(d) The Home Department orders referred to required clarification on several points. Further, there were about 1,660 persons employed in the D.G.I.&S. to whom that Department orders applied, and each case had to be examined and relative seniority fixed. This had of necessity to take time. The work of the office had to go on and could not be held up until the revised lists were ready. The time taken in compiling the lists has adversely affected some persons and benefited others. This could not be avoided. The grievances of the former will be redressed to the extent possible.

**NUMBER OF ASSISTANTS, SUPERINTENDENTS ETC. IN OFFICE OF D.G. INDUSTRIES AND SUPPLIES.**

**1310. \*Hajee Chowdhury Mohammad Ismail Khan:** (a) Will the Honourable Member for Industries and Supplies please lay on the table of the House a statement showing:

(i) the number of Assistants, Assistants-in-Charge and Superintendents employed in the office of the Director General, Industries and Supplies as on the 28th August 1946;

(ii) the position of these persons in regard to seniority as fixed by the Home Department in their O.M. No. 20/50/44-Est(S), dated the 28th August 1946;

(iii) whether these persons are permanent or temporary, in the Assistant's grade; and

(iv) similar information as asked for in (i), (ii) and (iii) above as on 31st October 1946, 15th November 1946, 15th February 1947 and 1st March 1947?

**The Honourable Sri C. Rajagopalachari :** (i) A statement showing the number of Assistants, Assistants-in-Charge and Superintendents employed in the Directorate General of Industries and Supplies on the 28th August, 1946 is laid on the table.

(ii) Certain points regarding refixation of seniority in accordance with the Home Department orders are still under consideration and until these points are clarified, the final position of all persons cannot be definitely stated.

(iii) The number of permanent or temporary persons is indicated in the statement.

(iv) The number of staff employed on 31st October, 1946 ; 15th November, 1946 ; 15th February, 1947 and 1st March, 1947 is shown in the statement referred to at (i) above.

*Statement*

Grades.	Number	Permanent, Quasi-permanent or Provisional permanent		Remarks.
		As Superintendent.	As Assistant.	
<i>As on 28th August 1946</i>				
1. Superintendent	*76	4	20	*Includes persons on leave.
2. Assistants-in-Charge	21	..	2	Sanctioned Strength —70.
3. Assistants/' A ' Grade Clerks	494	..	8	
<i>As on 31st October 1946</i>				
1. Superintendent	*74	3	19	*Includes persons on leave.
2. Assistants-in-Charge	21	..	2	Sanctioned Strength —70.
3. Assistants/' A ' Grade Clerks	496	..	8	
<i>As on 15th November 1946</i>				
1. Superintendent.	*75	3	20	*Includes persons on leave.
2. Assistants-in-Charge	62	..	6	Sanctioned Strength —70.
3. Assistants/' A ' Grade Clerks	502	..	4	
<i>As on 15th February 1947</i>				
1. Superintendent	*75	3	20	*Includes persons on leave.
2. Assistants-in-Charge	62	..	6	Sanctioned Strength —69.
3. Assistants/' A ' Grade Clerks	497	..	4	
<i>As on 1st March 1947</i>				
1. Superintendent	*75	3	20	*Includes persons on leave.
2. Assistants-in-Charge	45	..	6	Proposal for increasing the strength to 82 is under consideration in the Secretariat.
3. Assistants/' A ' Grade Clerks	476	..	4	

## IMPORT OF "PARKER" AND "SHAEFFER" FOUNTAIN PENS IN INDIA

1311. \*Mr. G. B. Dani: (a) Will the Honourable Member for Industries and Supplies be pleased to state whether Government are aware of the fact that India has been flooded with all kinds of pens?

(b) Are Government aware whether quality pens such as Parker 51, 'Shaeffer' have been imported in India? If so, what is the number imported of each?

(c) What quota of these quality pens has been allotted to Delhi?

(d) Are Government aware that these quality pens are still sold in black market?

(e) If so, what action Government are taking to eradicate such malpractices?

(f) Do Government propose to take steps to supply 'Shaeffer' and 'Parker' pens to the Members of this Assembly at controlled rates?

**The Honourable Sri C. Rajagopalachari :** (a) Government have no definite information at present in regard to actual imports of fountain pens. Licences for their import have been issued freely. It is likely that quantities have been imported to meet the existing large demand for such articles in India.

(b) Government are aware that imports of fountain pens include the brands "Parker 51" and "Shaeffer". Separate statistics for each type of pen are, however, not recorded in our trade statistics and I am sorry therefore to be unable to furnish the information asked.

(c) The Government of India are not now exercising control over the prices and distribution of such goods and no question of allotment of any quota to Delhi arises.

(d) and (e). If the suggested flooding of the market with all kinds of pens in Clause 1 (a) of the question is to be accepted it will automatically check black market tendencies. I believe I have rightly gauged the sense of the House to be generally opposed to controls over trade in articles of this obviously unessential nature.

(f) No, Sir.

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### UNSTARRED QUESTIONS AND ANSWERS

#### ELIGIBILITY OF TRAIN CLERKS ON N. W. RAILWAY FOR SELECTION AND TRAINING AS GUARDS.

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

(a) whether it is a fact that the Train Clerks on the North Western Railway are eligible for selection and training as Guards ;

(b) whether it is a fact, that in making such a selection, half of the posts are given to Train Clerks above the age of 30 and the remaining half to persons below the age of 30 ; If so, under what specific provision of the Establishment Code has this division been made ; and

(c) whether it is proposed to abolish the age restriction ; and if not, why not ?

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

(b) Government are informed that amongst the staff who are eligible for training as Guards Grade II, 50 per cent are selected from those not exceeding the age of 30 and 50 per cent from those above 30 years of age

Their actual appointment as Guards is, however, made on their qualifying as such, irrespective of their age. The rules do not specifically provide for this division on an age basis, but the practice is covered by the general authority given in the 'Note' at the head of Section II of the Rules for the Recruitment and Training of Subordinate Railway staff contained in Appendix II to the State Railway Establishment Code, Volume I, the detailed procedure followed being within the competence of the Railway Administration.

(c) As the practice referred to has been adopted with a view to give young and keen men an opportunity of attaining promotion to the higher grades of Assistant Station Master and Station Master and to the category of Section Controller through the category of Guards, which is the channel of promotion to these categories, Government do not propose to abolish it.

#### APPOINTMENT OF UNTRAINED PERSONS AS COMMERCIAL AND TRANSPORTATION INSPECTORS ON N. W. RAILWAY

**106 Seth Sukhdev :** With reference to the reply to part (f) of my unstarred question No. 24 asked on 31st October 1946 regarding the appointment of untrained persons as Commercial and Transportation Inspectors on North Western Railway will the Honourable Member for Railways be pleased to state :

(a) the number of persons who have qualified in Commercial Inspectors' course, and who have been selected as such ;

(b) the number of those who have qualified but have not been selected and

(c) when it is proposed to hold a fresh selection ?

**The Honourable Dr. John Matthai :** (a) Government are informed that 14 persons have qualified in the Commercial Inspectors' course.

(b) There are no such cases as only staff selected for the posts of Commercial Inspectors are required to qualify in course P-15.

(c) Government are informed that a selection was held recently and that a further selection will be held when the present list of selected candidates is exhausted.

#### RULES ON INDIA RAILWAYS *re* RE-EMPLOYMENT AFTER RETIREMENT.

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

(a) whether any rules exist in the Indian State Railways, that employee on re-appointment after retirement, will be governed by the New Educational Assistance Rules ; if so, the reasons for making such rules ;

(b) whether it is a fact that representations have been made to the authorities that this rule causes hardship, in the mid-scholastic career of the employees' children ;

(c) whether it is a fact that under the Superintendent, Mechanical Workshops, Lahore, letter No. 843-E/O, dated 10th April 1946, employees are entitled to an educational assistance. (i) under the new rules for the first portion of their service on re-employment and under the old rules for the second half of the period ; and

(d) if the reply to part (c) (i) above be in the affirmative, whether Government propose to remove this anomaly ; if not, the reasons therefor ?

**The Honourable Dr. John Matthai :** (a) and (b) The temporary re-employment of a railway servant who has retired from service constitutes a fresh appointment to railway service and, accordingly, orders were issued to the effect that, for the purpose of service concessions, including educational assistance, such employees would be governed by the new rules in force from time to time. Government, however, admit the existence of an anomaly as brought to notice in the Honourable Member's question and are taking steps to consider how best any hardship caused by it can be removed.

(b) Government understand that one such representation was received by the N. W. Railway Administration.

(c) The letter of the Superintendent, Mechanical Workshops, Lahore, referred to in this part of the question, was in respect of an individual employee and indicated that the employee concerned was governed by the new rules for educational assistance during the period of his re-employment, but that educational assistance under the old rules was due for the period of his leave preparatory to retirement taken after the period of re-employment was over.

## SHORT NOTICE QUESTIONS AND ANSWERS

### INTERNATIONAL RICE CONFERENCE

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

(a) whether an International Rice Conference is soon to meet ;

(b) if so, where and when ;

(c) whether Government propose to give on it adequate representation to the agriculturists and their organisations, Federation of Rural People  
12 Noon Organisations and the All-India Paddy and Rice Associations ;

(d) what its aims are ; and

(e) what the agenda for that conference will be ?

**Sir Pheroze Kharegat :** (a) A study group to prepare the agenda for a Rice Conference is expected to meet in May. The Conference will probably meet thereafter, probably in July.

(b) The time and the venue have not yet been decided.

(c) It is the intention of Government to secure on it adequate representation of all interests, in so far as this may be found feasible.

(d) The aim is chiefly to consider the question of setting up a Rice Board for the purpose of dealing with rice supplies and demand at an international level.

(e) The agenda for the conference will be settled by the Study Group.

**Prof. N. G. Ranga :** There is no definite answer with regard to part (c). May I know whether Government have already considered the question or not, of giving representation to these two organisations ?

**Sir Pheroze Kharegat :** The matter has not yet been considered because not know at present how the Government will nominate representatives to the conference.

## SALE OF MULTI-VITAMINS

**Sri V. C. Vellingiri Gounder :** Will the Secretary of the Food Department please state :

(a) whether it is a fact that the Food Department are selling multi-vitamins ;

(b) whether these multi-vitamins have lost some of their vitamins ; and

(c) if so, whether Government propose to allow the sale of the same by the Food Department, or, if already sold, to stop their deliveries ?

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

(b) Only vitamin 'C' has been found on analysis to have lost half its potency.

(c) Government do not propose to stop the sale because the reduction in the potency does not render the pills injurious to health.

**Sri V. C. Vellingiri Gounder :** At the nutrition exhibition stalls military department's surplus food is sold. I want to know whether the Health Department of this Government have examined the suitability of the condition of foods that are being sold there ?

**Mr. K. L. Panjabi :** Yes, Sir. No stores are sold if they are injurious to public health.

**Sri V. C. Vellingiri Gounder :** May I know whether the foodstuffs sold at the stalls are tested before they are made available ?

**Mr. K. L. Panjabi :** They are only sold when they have some life. Those whose life has expired are not put on sale.—

## SALE OF SURPLUS AMERICAN CIGARETTES

**Sri V. C. Vellingiri Gounder :** Will the Secretary of the Food Department please state :

(a) whether it is a fact that the Food Department are selling surplus American Cigarettes ;

(b) whether Government are aware that these cigarettes have deteriorated to certain extent and are injurious to health ;

(c) whether Government propose to stop the sale or deliveries of cigarettes which are sold and deteriorating to health ; and

(d) whether Government propose to destroy all articles that are injurious to health ?

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

(b) Government are aware that deterioration has overtaken some of the stocks of cigarettes but they have not been advised that this has rendered the cigarettes injurious to health.

(c) On application from the purchasers Government have undertaken survey of the stocks of cigarettes. They have cancelled sale in respect of quantities declared unfit. This action has not been taken in respect of cigarettes in the custody of the purchasers, as it is difficult to establish when and how the deterioration has taken place. The purchasers had an opportunity to inspect and object to the quality before taking delivery.

(d) Yes.



**Dr. Zia Uddin Ahmad :** Will the Honourable Member make enquiries in his Department and see whether they have increased the price of deteriorated food ?

**Mr. K. L. Panjabi :** I will.

**Mr. President :** This is a question of smoke.

### MOTIONS FOR ADJOURNMENT

#### DELHI ADMINISTRATION'S DISCRIMINATION AGAINST MUSLIM PRESS AND PREFERENTIAL TREATMENT TOWARDS HINDU PRESS IN THE MATTER OF PUBLICATION OF REPORTS OF COMMUNAL CLASHES

**Mr. President :** I have received from Mr. Muhammad Nauman the amended form of his adjournment motion. I am making a slight amendment in it to avoid repetition of the same thing. It reads as under :—

“ Delhi administration's discrimination against Muslim Press and preferential treatment towards Hindu Press as reported in the *Dawn* of the 28th March 1947, in the matter of publication of reports of communal clashes, and other matters connected with such incidents.”

What is the meaning of his saying 'discrimination against Muslim Press and preferential treatment towards Hindu Press' ?

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhammadan) : I mean that a certain report was published by the *Hindustan Times* which gave the names of communities who suffered and the communities who were the aggressors but no steps were taken in that case whereas exception was taken to *Dawn* which did not name any communities but simply said 'that the minority community had suffered owing to a certain train accident. . . . .'. That is a definite discrimination in this matter on the part of the administration. I do not want to go into details and cite cuttings of newspapers, but if you permit me, Sir, I may.

**Mr. President :** It is not necessary at this stage. I wanted to know what the basis of allegation was. The allegation is that certain steps which were taken against *Dawn* were not taken, under similar circumstances, against the *Hindustan Times*.

**The Honourable Sardar Vallabhbhai Patel** (Home Member) : I have enquired of the Delhi Administration and I find that they repudiate emphatically the allegation that there is any discrimination in the matter which is the subject of this motion.

These are the facts : The Delhi Administration first initiated action in regard to press reports about communal disturbances on the 20th of March 1947, and notice was given to all daily and weekly newspapers, without any discrimination, that they were violating and not observing the code of the *ad hoc* Committee which they had themselves appointed. After that a letter was sent to the Editor of the *National Call* inviting his attention to an article in its issue of the 14th March and giving him a warning that he should exercise great care in publishing news relating to communal disturbances. *National Call* is not a Muslim paper. A similar letter was sent to the Editor of *Anjam* on the 22nd March and a similar letter was also sent to the Editors of the *Dawn* and the *Tej* in respect of certain matters published in these papers. In the meantime, certain objectionable items and photographs appeared in the *Statesman*, the *National Call*, the *Hindustan Times* and the *Dawn*. The items specifically mentioned here against the *Hindustan Times* in the *Dawn* of 28th March, which is the inspiration of this motion were included

in these items and the Delhi authorities thought that these were more serious breaches and therefore instead of giving notice they considered it advisable to refer all these matters to the Press Advisory Committee. The Editor of the *Dawn* telephoned to the Press Advisor and he was informed that the matter was to be placed before the Press Advisory Committee in the course of the last week, and not on the next day as it is alleged in the newspaper. The articles were all referred to the Press Advisory Committee which met on Saturday. The report of this Press Advisory Committee is under consideration. These items and photographs about which complaint has been made that no action has been taken, are all matters referred to the Press Advisory Committee and that Committee has reported only on Saturday. The report will come before the Delhi Administration and it will be considered. But the allegation that because a notice was issued against *Dawn* and no action has been taken against other newspapers and there is discrimination is not correct. What I suggest is that a mere notice for a breach of this kind is not a serious matter in which the time of the House should be taken, but if it is considered necessary to have a full discussion on this matter—as I have said before, if the Honourable Member considers it advisable that in the interests of society it is advisable to discuss such matters on the floor of the House, I am not going to oppose such matters. I myself consider that it is not only a waste of time but it is doing positive disservice to bring communal questions to be discussed, not on serious matters, but on such flimsy matters, before the House. Therefore, if the Honourable Member considers such a discussion—I have given the full facts—necessary I shall not oppose this motion.

**Sri M. Ananthasayanam Ayyangar** (Madras Ceded Districts and Chittor : Non-Muhammadan Rural) : On a point of order relating to this matter : . . . . .

**Mr. President** : Let me first deal with the issue. Are there any further matters which are likely to be brought out ?

**The Honourable Sardar Vallabhbhai Patel** : Absolutely nothing. I think the Press in Delhi has the greatest latitude compared with any other province and no action has been taken against any press in this province.

**Mr. President** : I do not know what the Honourable Member has to say on the facts. As to whether it is discrimination, that might be a matter of opinion on which people might differ but so far from the facts from which the inference is to be drawn it seems clear that notices have been given to all concerned and the matter has finally been handed over to the Press Advisory Committee. The ground of complaint then is removed.

**Mr. Muhammad Nauman** : I did this in full consideration of the Home Member's views and probably I am one with the Home Member in saying that it will be definitely a disservice if communal matters are allowed to be flashed as they have been in the past by Hindu Press. The Honourable Member has quoted that notices have been given to *Anjam* and *National Call*. I do not want to discuss the merit or quote the cuttings, but the Honourable Member when he said that the report has been made by the Committee and is pending action, he did not say what advice the Committee gave. And if I am convinced that these things which were published in the *Dawn* about the *Hindustan Times* were so serious that only a notice was not necessary but a more serious action was necessary and the Advisor did it in good faith—and the Honourable Member explains that to the House—I will not insist on it. My anxiety is to know that there is absolutely no discrimination and whatever has been published is equally punishable and it is the Honourable Member's duty to convince us on that subject.

**Pandit Lakshmi Kanta Maitra** (Calcutta : Non-Muhammadan Urban): Are we really discussing the motion ?

**Mr. President :** I am trying to know his point of view on the facts.

**Mr. Muhammad Nauman :** I want the Honourable the Home Member to tell us what report the Advisory Committee has made on the action to be proposed to be taken against the *Hindustan Times*. Then we may be able to know what is the position.

**The Honourable Sardar Vallabhbhai Patel :** As I have said, the offending articles and matters have appeared in the *Statesman*, the *National Call*, the *Hindustan Times* and the *Dawn* and all these articles were placed before the Press Advisory Committee. When that Committee's report comes either action will be taken against all or no action will be taken. But there will be no discrimination. All I can say is that the Delhi administration has given no cause to the press of any sort of complaint.

**Mr. President :** On the facts disclosed I do not consider the motion admissible.

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BURNING ALIVE OF FOUR SCHEDULED CASTE MEN AND TWO HERDS OF CATTLE  
IN THE ALIGARH DISTRICT, UNITED PROVINCES

*Ruling by Mr. President that refusal of consent for motions for adjournment which are outside the scope of the House for discussion will in future be communicated to members by the Secretary outside the House.*

**Mr. President :** I have today received notice of the next adjournment motion. I will invite the attention of the Honourable Members that motions which are obviously outside the scope of this House for discussion, or on the face of them not in order, should not be tabled by them ; and if they table them henceforth, I shall convey the refusal of my consent through my Secretary and not bring such matters before the House.

The notice is :

" To discuss a definite matter of urgent public importance, namely the burning alive of four scheduled caste men and two herds of cattle by the *Thakurs* and Brahmins in the Village *Kheria*, Post Office *Sasni*, District Aligarh, United Provinces on the occasion of the Holi Festival, on March 7, 1947."

One does not know how far the facts are true, or they are only a sort of rumour. But I need not go into that. The incident is alleged to have taken place so far back as the 7th March. Therefore, there is no urgency about it. Apart from that, this is a purely provincial subject and it is a question for the U.P. Government. I do not want to disclose the name of the Honourable Member who has tabled it. But I do not propose to read any notices of this type, in the House and I shall refuse my consent outside.

**Rao Bahadur N. Siva Raj** (Nominated : Non-Official) : With due respect to the Chair, as the member who gave notice of this motion, may I explain the circumstances in which it was given ?

**Mr. President :** It is not necessary. It is clearly a provincial matter. It would be wasting the time of the House.

**Rao Bahadur N. Siva Raj :** I want to submit that the time has long arrived.....

**Mr. President :** The Honourable Member can speak on the admissibility of the motion. It is clearly inadmissible. I do not propose to allow any discussion on this subject. The matter is very clear.

APPOINTMENT OF AN ENGLISHMAN AS PRINCIPAL SECRETARY, FINANCE DEPARTMENT, GOVERNMENT OF INDIA, OVERLOOKING THE CLAIMS OF INDIAN

**Mr. President :** There is another adjournment motion. It reads :

“ That this Assembly do adjourn to discuss a definite matter of urgent public importance namely, the appointment of an Englishman as Principal Secretary, Finance Department, Government of India, overlooking the claims of Indians. ”

I am afraid my reaction to this adjournment motion is that it is not admissible. *Prima facie* it refers to an individual case.

There is no allegation that it is the policy of the Government of India to appoint Europeans and that this appointment has been made in pursuance of that policy. That is the principal objection to the motion. As regards the facts of this question I would like to know what the Honourable the Finance Member has to say about them.

**An Honourable Member :** Who gave notice of this motion ?

**Mr. President :** Messrs Venkatasubba Reddiar and Ananthasayanam Ayyangar.

**The Honourable Mr. Liaquat Ali Khan (Finance Member) :** Sir, the appointment has been made in the ordinary course. Mr. Turner has been appointed Principal Secretary to succeed Sir Cyril Jones who is due to retire next month. There is no question of ignoring, as the motion has put it, or of overlooking the claims of Indians. As a matter of fact Mr. Turner is the most qualified person in point of experience and seniority. There was no questions of superseding any Indian officer.

Quite apart from that, it is really shifting an officer from one place to another in the same department and in the place of Mr. Turner an Indian officer is going to be appointed as the Financial Commissioner for Railways I do not see that there is really any case for making this allegation, *viz.*, that the claim of Indians has been overlooked.

**Sri M. Ananthasayanam Ayyangar :** Sir, this matter came up by way of an adjournment motion last year. Last year Sir Cyril Jones went on leave for a period of six months and to fill up that vacancy one Sir Hugh Hood, who was a retired Madras civilian was appointed. (Interruption)

**Mr. President :** I am hearing the merits so far as the admissibility of the motion is concerned.

**Sri M. Ananthasayanam Ayyangar :** Sir, the Honourable Member gave facts and I am trying to convince the House that this is not a stray case but it is a case which is worthy of consideration by this Honourable House. Last year when Sir Archibald Rowlands was the Finance Member, we took exception to his appointing Sir Hugh Hood in the place of Sir Cyril Jones for a period of six months overlooking the claims of Mr. Narahari Rao, who was a Secretary of the Finance Department. But the other gentleman was made the Principal Secretary of the Finance Department, merely to give a place to a European over an Indian. Mr. Narahari Rao was brought up in the Finance Department and he has put in 25 years of his service in that Department. In preference to him a civilian, who is supposed to be fit for any job, whether of a judge, a magistrate or anything else, was brought in. When we took exception to the appointment Sir Archibald Rowlands said that it was only an

[Sri M. Ananthasayanam Ayyangar.]

exceptional case, that after all Sir Hugh Hood was there only for five months, "Permit him to carry on now that I have appointed him. I will not commit the same mistake again." Those were the terms in which Sir Archibald Rowlands gave an assurance to this House. In view of that assurance of the then Finance Member, *viz.*, that there was no intention to supersede any Indian gentleman and that it was after all a question of five months and that the claims of Indians are not overlooked, we did not pursue the matter further. Sir Archibald further said "I am a person who wishes well by India and it is my desire to lift her to a very high status in the international world." In view of this assurance, Sir, you will remember that we did not pursue this motion. It is unfortunate that a gentleman who has never belonged to the Finance Department should be appointed to the post of Chief Secretary.....

**Mr. President :** I do not want to go into all those details. Is it the case that Mr. Narahari Rao is senior to the person who has been appointed ?

**The Honourable Mr. Liaquat Ali Khan :** No, Sir, he is not.

**Sri M. Ananthasayanam Ayyangar :** He is senior in the sense that he belongs to the Finance Department. He belongs to the Central Pool and he is an expert in that Department. The other gentleman has been a magistrate and has served in various departments.....

**Mr. President :** Is Mr. Turner in the same Department ?

**The Honourable Mr. Liaquat Ali Khan :** Mr. Turner is an officer of the Finance Department just as Mr. Narahari Rao. Mr. Turner is senior, who has got a much longer experience than what Mr. Narahari Rao has got.

**Sri M. Ananthasayanam Ayyangar :** Wrong, Sir.

**The Honourable Mr. Liaquat Ali Khan :** If my Honourable friend wants to discuss the motion, although I would deplore that the comparative merits of two officers of the Government should be discussed on the floor of this House, I am quite willing to accept the motion for discussion.

**Mr. President :** I am not prepared to allow this motion. It enters into administrative details and the comparative merits of officers of the Government. This is entirely different from the general policy of the Government. I cannot give my consent to this motion.

#### ELECTION TO STANDING COMMITTEE FOR LABOUR DEPARTMENT

**Mr. President :** I have to inform the Assembly that upto 12 Noon on Wednesday, the 26th March 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Labour, eleven nominations were received. Subsequently one member withdrew his candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year 1947-48 :—

(1) Mr. N. M. Joshi, (2) Pandit Balkrishna Sharma, (3) Sri Satyapriya-Banerjee, (4) Sri N. Narayanamurthi, (5) Diwan Chaman Lall, (6) Dr. P. G. Solanki, (7) Captain G. T. B. Harvey, (8) Mr. Muhammad Nauman, (9) Maulana Zafar Ali Khan and (10) Miss Maniben Kara.

## ELECTION TO STANDING COMMITTEE FOR INDUSTRIES AND SUPPLIES DEPARTMENT

**Mr. President :** I have to inform the Assembly that upto 12 Noon on Friday, the 28th March 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Industries and Supplies, ten nominations were received. As the number of candidates is equal to the number of vacancies I declare the following members to be duly elected to the Committee during the financial year 1947-48 :—

(1) Mr. Ananda Mohan Poddar, (2) Sri T. V. Satakopachari, (3) Khan Abdul Ghani Khan, (4) Mr. Manu Subedar, (5) Mr. Gauri Shankar Saran Singh, (6) Mr. Vadilal Lallubhai, (7) Mr. M.A.F. Hirtzel, (8) Mr. Hafiz M. Ghazanfarullah, (9) Mr. Ali Asghar Khan and (10) Mr. Muhammad Rahmat-ullah.

## ELECTION TO STANDING COMMITTEE FOR EDUCATION DEPARTMENT

**Mr. President :** I have to inform the Assembly that upto 12 Noon on Friday, the 28th March 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Education, ten nominations were received. As the number of candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee during the financial year 1947-48 :—

(1) Sri Jagannathdas, (2) Sri Bhagirathi Mahapatra, (3) Pandit Govind Malaviya, (4) Mr. Frank R. Anthony, (5) Shrimati Ammu Swaminadhan, (6) Sreejutt Rohini Kumar Choudhury, (7) Captain G. T. B. Harvey, (8) Dr. Zia Uddin Ahmad, (9) Mohammad Amir Ahmad and (10) Miss Maniben Kara.

## ELECTION TO STANDING COMMITTEE FOR HEALTH DEPARTMENT

**Mr. S. H. Y. Oulsnam** (Government of India : Nominated Official) : Sir, I move :

“ That this Assembly do proceed to elect in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee to advise on the subjects dealt with in the Department of Health for the financial year 1947-48.”

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

“ That this Assembly do proceed to elect in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee to advise on the subjects dealt with in the Department of Health for the financial year 1947-48.”

The motion was adopted.

## ELECTION TO INDIAN OILSEEDS COMMITTEE

**Sir Pheroze Kharegat** (Government of India : Nominated Official) : Sir I move :

“ That in pursuance of clause (S) of section 4 of the Indian Oilseeds Committee Act, 1946, the elected members of this Assembly do proceed to elect in such manner as the Honourable the President may direct, four members from among themselves to be members of the Indian Oilseeds Committee.”

**Mr. President :** Motion moved :

“ That in pursuance of clause (S) of section 4 of the Indian Oilseeds Committee Act, 1946, the elected members of this Assembly do proceed to elect in such manner as the Honourable the President may direct four members from among themselves to be members of the Indian Oilseeds Committee.”

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa : Muhammadan) : Sir, I would like to know whether the standing committee met last year and what would be the scope and functions of this Committee.

**Prof. N. G. Ranga** : (Guntur *cum* Nellore : Non-Muhammadan Rural) : It is more than one year since the legislature passed the Oilseeds Cess Act and such a committee was then contemplated to be appointed. I do not know why that committee has not been so far constituted and only now the Government comes before this House to ask for its representatives to sit on the committee. I would like to know whether any money has so far been collected out of that cess and what has been done with that money.

**Sir Pheroze Kharegat** : Sir, it is true that the Act was passed nearly a year ago, but the Committee could not be constituted until this House had elected its representatives to the Committee. A notification constituting the committee will issue as soon as possible after the election by this House and by the Council of State to this Committee had been completed. As regards the question of money which has been collected, I have no information, but I am certain that the money must have been collected and it will be handed over to the committee as soon as it is constituted.

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

"That in pursuance of clause (8) of section 4 of the Indian Oilseeds Committee Act, 1946, the elected members of this Assembly do proceed to elect in such manner as the Honourable the President may direct, four members from among themselves to be members of the Indian Oilseeds Committee."

The motion was adopted.

**Mr. President** : I have to inform Honourable Members that the following have been fixed for receiving nominations and holding elections, if necessary in connection with the following Committees, namely :—

	Date for Nomination	Date for Election
1. Standing Committee for the Department of Health . . . . .	3rd April, 1947	10th April, 1947.
2. The Indian Oilseeds Committee . . . . .	3rd April, 1947	10th April, 1947.

The nominations for both the Committees will be received in the Notice Office upto 12 Noon on the dates mentioned for the purpose. The elections which will be conducted in accordance with the Regulations for the holding of elections by means of the single transferable vote, will be held in the Assistant Secretary's room in the Council House, between the hours of 10-30 A.M. and 1 P. M.

#### TAXATION ON INCOME (INVESTIGATION COMMISSION) BILL

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

"That Mr. N. V. Gadgil and Mr. Lakshmi Kanta Maitra be appointed to the Select Committee on the Bill to provide for an investigation into matters relating to taxation on income in place of Messrs. K. C. Neogy and M. R. Masani who have resigned from the committee and that the time appointed for the presentation of the Report of the Select Committee on the Bill be extended up to Tuesday, the 8th April, 1947."

Sir, I am sorry the Committee has not yet been able to meet and submit its report on the Bill which was referred to it. I am hoping that during this week the committee will be able to complete its task and I shall be able to present the report by the 8th April 1947.

**Mr. President :** Motion moved :

“ That Mr. N. V. Gadgil and Mr. Lakshmi Kanta Maitra be appointed to the Select Committee on the Bill to provide for an investigation into matters relating to taxation on income in place of Messrs. K. C. Neogy and M. R. Masani who have resigned from the committee and that the time appointed for the presentation of the Report of the Select Committee on the Bill be extended up to Tuesday, the 8th April 1947.”

**Mr. P. J. Griffiths** (Assam : European) : Sir, I rise to oppose this Motion in so far as it relates to extension of time. I do so purely for the purpose of expressing disappointment and disapproval which we, in this Group, feel at the delay which has been allowed to take place in handling this vital matter. It seems to us that of all the measures at present before the House this one, in a sense, is the most important. Income tax evasion, apart from its fiscal effect is a moral canker eating into the body politic. We feel that Government has not applied itself resolutely in dealing with this matter. Had they been sufficiently determined, they would have finished these deliberations earlier. We trust that this does not indicate any weakening on their part in their determination to deal with this evil. I hope it does not mean they will allow any emasculation of this Bill. In this formal sense, I oppose the Motion.

**Prof. N. G. Ranga** : (Guntoor *cum* Vellore : Non-Muhammadan Rural) : I am rather surprised at the remarks which fell from my Honourable friend Mr. Griffiths. We are also as much anxious as he is that this Bill should be passed as soon as possible, and that tax evasion should be stopped at the earliest possible moment in the sternest fashion. But I thought that my Honourable friend also was very keen that this postponement should be made when this question was being discussed in the Select Committee. Therefore, Sir, I do not find anything specially wrong in asking for this kind of postponement only for a few days. I certainly deprecate the manner in which the Honourable the Leader of the Opposition has sought to suggest that there is some sort of move on the part of this House in shelving or postponing this measure for any length of time.

**Mr. P. J. Griffiths** : I suggested nothing of the kind. I suggested lack of resolution on the part of Government in dealing with this matter.

**Khan Mohammad Yamin Khan** (Agra Division : Muhammadan Rural) : Sir, I think the time should be extended as the grounds for the opposition are not valid. The other matter which my Honourable friend Mr. Griffiths referred to, is really worthy of consideration by this House. We do not want that this Bill, which is intended to catch thieves who have stolen public property which is due to the public exchequer, should be postponed indefinitely. Any kind of delay in catching thieves is not right and proper and I hope the Select Committee will give its full consideration to this that no leniency should be shown to anybody who evade payment of proper tax which is due to the public exchequer. The public exchequer should not suffer in any way. If the Bill is improved through negotiation, it is a happy augury. I do not like any latitude should be given to thieves who steal public money.



**Dr. Zia Uddin Ahmad** (United Provinces Southern divisions : Muhammadan Rural) : Sir, I fail to understand how you can begin to detect tax evasion<sup>s</sup> simply by passing this Act. A number of other measures will have to be adopted and these things have to be thought out carefully by the Select Committee. A delay of a few days need not substantially delay the matter. I have great sympathy with the sentiments expressed by Mr. Griffiths, but a delay of a few days will not alter the situation.

**The Honourable Mr. Liaquat Ali Khan** : I have no intention to say anything except this that the Government are determined to bring to book all those who have evaded taxation. By asking for postponement, I do not want my Honourable friend Mr. Griffiths to think that it is our desire that this Bill should not be passed this session.

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

"That Mr. Lakshmi Kanta Maitra be appointed to the select committee on the Bill to provide for an investigation into matters relating to taxation on income in place of Messrs K. C. Neogy and M. R. Masani who have resigned from the committee and that the time appointed for the presentation of the report of the Select Committee on the Bill be extended up to Tuesday, the 8th April, 1947."

The motion was adopted.

### DEMAND FOR SUPPLEMENTARY GRANT FOR 1946-47.

#### DEMAND NO. 3.—TAXES ON INCOME INCLUDING CORPORATION TAX

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

"That a supplementary sum not exceeding Rs. 23,52,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March 1947, in respect of Taxes on income including Corporation tax."

**Mr. President** : Motion moved :

"That a supplementary sum not exceeding Rs. 23,52,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March 1947, in respect of Taxes on income including Corporation tax."

**Shri Mohanlal Saksena** (Lucknow Division : Non-Muhammadan Rural) : Mr. President, Sir, if you will kindly refer to the proceedings of the Standing Finance Committee dated the 30th July 1946, you will find that in regard to this supplementary demand, it was said that the arrears of assessment cases in the Income-tax Department on 1st April 1946 numbered roughly to two lakhs and 27 thousands. The number of cases coming up for assessment and the number of cases carried forward from year to year has been steadily going up. So, this supplementary grant was sanctioned by the Standing Finance Committee on the assurance that this work of collection which had fallen into arrears will be met by the appointment of this staff. Since then there has been a lot of speculation about the amount of income-tax arrears. No exact figures or rough figures have so far been supplied to us, although in the Press it has appeared and other persons have also said that income-tax arrears have mounted to the tune of 40 crores or even more. So I would like to be enlightened as to how many cases have been disposed of, how many cases are still in arrears and as to how much amount roughly on account of income-tax is in arrears. That is one point.

The second point that I want to raise is this. You will remember that the other day my friend Mr. Jhunjhunwala raised the question of assessing sterling and dollar companies who had made greater profits during the year

in India than outside India but no reply was given by the Honourable the Finance Member in regard to this. He had put a question and a reply was given later on during the session. It was given out that no less than 575 dollar and sterling companies were working in India. It was further given out that in 1943-44, 97 companies had made more profit in British India than outside India, in 1944-45, 98 companies had done so, in 1945-46, 84 companies had done so. It was also given out that these were treated under section 4(a) of the Income tax Act as residential companies in India. Then in reply to another question whether they had been asked to supply returns it was said that notices were sent to them but only a few of them had supplied the returns. So, I would like to know about this also. Then again some of them had been assessed and it yielded income-tax to the tune of 25 lakhs. So I would like to know how many of these companies supplied the returns and what action was taken against those companies which failed to supply the returns. How much money is standing against them and if any of them were not assessed, what was the reason. After all it could not be a question of paucity of staff. From the proceedings of the Standing Finance Committee we find that an assurance was given that if this staff as required by the Finance Department was appointed, then these arrears cases will be disposed of within a period of two years. I would like to know how much progress has been made because upon this will greatly depend the provisions that have been made regarding budget provisions. I would also like to know how much of these arrears has been provided for in the next year's budget and how much more is likely to be realised if further staff were appointed, because we find that the demand is for about 42 lakhs and the supplementary demand is given to us as only 23 lakhs odd. Was the staff not available or not required? If it was not available, then I would like to know what steps are being taken to get the requisite staff because the arrears are there to the tune of 40 crores. If that is so, the expenditure of a few more lakhs in getting the necessary staff should not be grudged. I want to know what steps are taken to expedite the disposal of all these cases of arrears. I want information on all these points.

**Mr. Geoffrey W. Tyson** (Bengal European): Mr. Mohan Lal Saksena has rightly used the occasion of this supplementary demand for grant to draw attention to the high proportion of arrears of assessment to taxation. He has done this at a time when the House has been asked to consent to very heavy and crushing taxation both in respect of the individual and in respect of trading companies. From time to time during the General Budget and also on the Finance Bill discussion, the Honourable the Finance Member and his officers were asked to indicate arrears of taxation arising out of arrears of assessment and apart from the question of evasion, in so far as as I know he had no figures and in my opinion and in the opinion of my colleagues it is only right that figures should be forthcoming to show the amounts which would be available to the exchequer if the assessments were brought up to date at time, when as I say, we have been asked to foot and tax new taxes and raise the level of old taxes. I hope that the Honourable the Finance Member will be able to indicate in the course of his reply what steps are being taken to bring assessments up to date and what steps will be taken in the future to keep them up to date.

**Mr. Manu Subedar** (Indian Merchants' Chamber and Bureau, Indian Commerce): I was thinking of speaking when the Bill came up for discussion but I think I might mention one or two points now. With regard to the

[Mr. Manu Subedar.]

budgetted figure under companies this year we find 4 crores, whereas in the last year the figure given was 9.12 and on inquiry we were informed that this was arrears collected in the last year. Now, Sir, I know that in the case of a good many companies the tax has not been collected. I know of individual cases where it has not been collected for the last 5 years. These companies are carrying these amounts in their hands. Then we were told that in the budget estimates 22 crores of rupees arrears was already included. On inquiry from very knowledgeable quarters I was told that in Bombay city alone the arrears would be 20 crores and that all-India arrears may be of the order of 45 crores. We do not know about this. I do not wish to press the Honourable the Finance Member to tell us something here and now but I think it would be of some good to the department if the duty of collecting the exact number of cases of arrears and the amount involved was laid on that department for being supplied to members of this House, even when the House is not sitting. We shall know the relative volume of the arrears. It would also expedite their own activities in the department and it would altogether have a good result. I would therefore request the Finance Minister to tell this House of the number of cases of arrears, the amounts outstanding and the amounts expected from them on the basis of the previous year's return. I hope that this information will be supplied to this House.

**Sri M. Ananthasayanam Ayyangar** (Madras Ceded Districts and Chittoor: Non-Muhammadan Rural) : I feel that so long as the Honourable the Finance Member does not overhaul his department and get rid of the dual system of administration consisting of Industries and non-Industries this arrear will go on mounting up. I am proud of an Indian being in charge of the department. Whatever may be the qualifications of the previous European Finance Members my friend is a barrister and we have greater confidence in him that he will manage the resources of this country properly and collect the last pie of arrears that are due but unfortunately owing to this dual administration to which I have referred, these arrears will go on mounting up. They are not due to his fault. Even on the 1st April 1946 the cases of arrears amounted to 2,27,000. We have gone on for 8 months and the arrears must have gone up by 100 per cent or even more. I ask the Honourable the Finance Member to tell us what is the number of cases in arrears and the amount that is due on them. For how long the arrears have been accumulating each year for the past five years? What this default is due to? Even in cases where the appeals are preferred under the Income-tax Act against particular assessments, it is open to them to insist upon the amounts being paid and, on the reversal of the decisions, the amounts being returned? Why, then, arrears should arise, I am unable to understand.

I would also like to have information from the Honourable the Finance Member regarding the number of cases which are disposed of on an average by Income-tax officers and also by Assistant Income-tax Commissioner whether in the original side or by way of appeal. Why do they want an increase in the establishment? Has there been any slackness in the administration? I do not think any increase of establishment is called for. Have they been doing their work properly and diligently? Therefore, I once again appeal to the Honourable Member to see that the entire administration is completely in his charge and they are persons on whom he can rely.

When the Income-tax Act was on the anvil last, there was an amendment brought by the previous Finance Member and we opposed it. Certain Honourable Members asked whether the officer in charge should be allowed to get into any shop or business concerned to make searches without notice. Objection was raised in this House that the officers would be afraid to go to the assesseees who are of a white complexion and they would naturally compel the darker section of the community. Therefore, we were afraid of giving those powers to those officers. Today the same kind of difficulty continues in the Department and if the information given to us by my Honourable friend Mr. Saksena about the tax from Dollar and Sterling companies being allowed to fall in arrear is correct, then they seem to be greatly at fault. Such defaults ought not to occur and we must see to it that not a pie is allowed to accumulate for one reason or other. Every pie must be collected within the year of assessment itself.

**Sir John Sheehy** (Government of India : Nominated Official) : Sir, I should like to give the House some of the figures that the Members have asked for. The estimates of arrears on the 1st of April 1947, that is, tomorrow, will be 2,98,000 cases divided up as follows :—

1943-44 . . . . .	5,000
1944-45 . . . . .	15,362
1945-46 . . . . .	44,714
1946-47 . . . . .	2,33,000

Now, in regard to the suggestion that a great number of these cases are very important, we have had them analysed in categories 1, 2, 3, 4 and 5.

*Category No. 1.*—Business income exceeding 25,000.

There are only 28,000 cases in that category.

*Category No. 2.*—Business income between 10,000 and 25,000.

There are 33,000 cases in that category.

*Category No. 3.*—Business incomes between 5,000 and 10,000.

There are 80,000 cases in that category.

*Category No. 4.*—Business incomes below 5,000 and other than business incomes.

There are 60,000 cases in that category.

*Category No. 5.*—Salary and Refund cases.

There are 97,000 cases in that category.

And the arrears are only 37 per cent. of the total number of cases to be disposed of in 1947-48.

**Mr. Geoffrey W. Tyson** ; What is the total number of assesseees ?

**Sir John Sheehy** : 5,10,000. That is the number of cases on our registers.

**Sri M. Ananthasayanam Ayyangar** : About 50 per cent. is in arrears.

**Sir John Sheehy** ; It is 37 per cent. of the total number of cases which have been carried forward including the number of cases of 1947-48.

As regards the revenue involved, the figures for arrears of revenue are for the years 1942-43 to 1945-46, that is, 4 years. We do not count 1946-47 because it is still with us, and the total amount is 52 crores and 31 lakhs.

Sir John Sheehy]

Of these 52 crores odd we have included 30 crores in the estimates for the current year.

**Mr. Manu Subedar :** What about 22 crores which were previously mentioned ?

**Sir John Sheehy :** I am just going to mention that. If you subtract 30 crores from 52 crores, you get 22 crores and we have budgeted for 22 crores in the budget estimates that have been submitted to the House.

**Mr. Manu Subedar :** Is it suggested that these 32 crores have been collected in 1946-47 ?

**Sir John Sheehy :** I could not tell you that yet because the year is not yet over and we have not got the figures.

**Mr. Manu Subedar :** Therefore, the total outstanding is 52 crores. I want to know what may be collected this year and what may be collected in the budget year ?

**Sir John Sheehy :** The total outstanding at the end of 1945-46 was 52 crores. I do not say that it is outstanding now because we may have been able to collect 30 crores this year.

**Shri Mohan Lal Saksena :** May I know what is the likely amount of arrears for the current year ?

**Sir John Sheehy :** I could not tell you that ; it will probably be fairly high. There is always a carry forward of arrears from year to year. It is inevitable.

**Prof. N. G. Ranga** (Guntoor *cum* Nellore : Non-Muhammadans Rural) : The Department is always inefficient.

**Sir John Sheehy :** The income-tax of every country in the world is in arrears. It cannot be helped.

**Shri Mohan Lal Saksena :** Then, it is not included in the amount of 22 crores.

**Sir John Sheehy :** Not this year's arrears.

**Mr. President :** The expression 'this year' becomes rather confusing.

**Sir John Sheehy :** I mean the year we are now in, 1946-47. But the arrears of 1946-47 are included in the budget estimates for next year.

Now, as regards the staff. We had 315 officers in 1939-40 and we have provided in the budget estimates of this year 881 officers. At the present moment, we are in process of selecting 217 officers to strengthen the Department. I think it was Mr. Manu Subedar who raised the point about the rate of disposals of cases. There is no such thing as an average rate of disposals of income-tax cases because it depends entirely on the sort of work a man may be doing. A man may do 1,000 small cases or he may do only 200 big cases. But, roughly speaking, I should say that an Income-tax officer is expected to do about 1,000 cases, big and small, and an Appellate Assistant Commissioner disposes of anything from 1,000 to 1,500 appeals in the year.

As regards the point of my Honourable friend Mr. Saksena about Sterling and Dollar companies, I am afraid he will have to put a question on that subject. We could not carry that information in our heads.

**Sri M. Ananthasayanam Ayya ngar :** Every year there will be something to be carried over to the next year which is not collected in that year. Then

why should we have additional staff. Even if the additional staff is provided there will still be the surplus.

**Sir John Sheehy :** There are various reasons for delay in assessment. Accounts may not be ready or accounts may be disputed. It is inevitable that there will be a number of cases in arrear. There is no reason why an adequate staff should not be able to finish the simple cases, but the contentious ones will remain.

1 P. M.

**Sri M. Ananthasayanam Ayyangar :** We are asked to vote expenditure of Rs. 23 lakhs. If the staff is provided does the Honourable Member feel that there will not be any carryforward to the next year ?

**Sir John Sheehy :** Not much. But, as I said, there are bound to be some.

**Sri M. Ananthasayanam Ayyangar :** What percentage does the Honourable Member expect will remain ?

**Sir John Sheehy :** I would not like to make a guess.

**Sri M. Ananthasayanam Ayyangar :** How are we to be satisfied then before voting Rs. 23 lakhs ?

**Sir John Sheehy :** You will be satisfied with the results. That is all.

**Sri M. Ananthasayanam Ayyangar :** But what is the expected result ?

**Sir John Sheehy :** It is that most of the arrears will disappear. But as to the percentage, you are asking me to prophesy, which I cannot do.

**Shri Mohan Lal Saksena :** Is it not a fact that the number of cases has increased since last year ? Last year the number was 2,27,000 while the figure this year is 2,98,000. In spite of the additional staff that had been appointed and the assurance given by the Department to the Standing Finance Committee that the cases will be cleared out, we find that the number has increased.

**Sir John Sheehy :** I have not got the exact figures with me at present but I expected the total number of cases to be less.

**Dr. Zia Uddin Ahmed** (United Provinces Southern Division: Muhammadan Rural) : I would like to point out the expectation of income from this expenditure. As I said in the course of the general discussion every single rupee which we spend on this account would bring Rs. 100. The expenditure on this account is an instalment which will bring an income 10,000 per cent I am therefore sorry to find that objection is raised on this expenditure.

**Sir Cowasjee Jehangir** : (Nominated : Non-official) : May I know, Sir whether the staff has been employed or is to be employed ?

**Sir John Sheehy :** We are going to employ 217 new men now, and a selection is being made.

**Sri M. Ananthasayanam Ayyangar :** How many have already been employed ?

**Sir John Sheehy :** I have not got the exact figure, but the number is about 600.

**Sri M. Ananthasayanam Ayyangar :** 600 have been employed now ?

**Sir John Sheehy :** I said there are 600 officers.

**Sir Cowasjee Jehangir :** Sir, from what little I know of the Incometax Department I can say that the staff requires to be increased. They have been overworked. But the trouble is that they are inefficient. I would here like to know how this recruitment is going to be made, what sort of test is to be applied before they are taken in, and what are their qualifications. A large number of them don't know their work. Not knowing their work they are apt to be hard on the assessees, not because they want to, but their ignorance of the law makes them hard on the assessees, lest they be accused the other way. Therefore it is essential that the quality of the men you employ should be of a high standard. I am not concerned with what you pay them—I do not know that. But if you have to pay them more, then it will be worth your while to do so. But I do trust that the standard throughout the Department will improve. When this was brought to the attention of the House on more than one occasion we were told that attempts were being made to do that. I do not know whether we have been able to see the effects of that improvement yet. I do trust that we shall soon see some results of the improvement in the standard of work in the Department.

**The Honourable Mr. Liaquat Ali Khan :** Sir, my Honourable friend Sir Cowasjee Jehangir has put a question. He wants to know whether these officers that are being recruited possess high qualifications or not. The selection has been made by a Board consisting of a Member of the Public Service Commission and senior Officers of the Department and the men who have been selected possess very high academic qualifications. Apart from that there was also an intelligence test done by the Specialists who are here in the Government of India. We are very anxious to get the best type of people for this Department. My Honourable friend has said that the Incometax Officers are inefficient. They are not inefficient. Unfortunately the taxpayers are over-efficient! Therefore, the poor incometax officers has got to match his wits against the best legal brains that the taxpayers employ. It is not really that our officers do not want to do their work. They do it to the best of their ability. At the same time I do not want the House to go away with this idea that I do not think that there is no room for improvement. There is lot of room for improvement and I am sure that with the recruitment of these officers the Department will be able to function more efficiently and I hope that there will not be so many cases of arrears as there have been in the past.

**Sri R. Venkatasubba Reddiar** (South Arcot *cum* Chingleput : Non-Muhamadan Rural) : On a point of information, Sir. The information has not been given about sterling dollar companies.

**The Honourable Mr. Liaquat Ali Khan :** The Honourable Member has raised this question. If Honourable Members had given me some information as to what was it that they wanted I would have had the information collected and placed it before the House. But now, at this moment, for me to give detailed information about this is not possible.

**Shri Mohan Lal Saksena :** Mr. President, last time when this demand-came this question was raised. This question was raised by Mr. Jhunjhunwala, but the Finance Member might not have attached much importance to it because he had to reply to several other points. Then by means of question it was raised and the answer was laid on the table and there was no occasion for supplementaries. Now Sir John Sheehy has suggested that we might put a fresh question. There is no time for it unless the Honourable Member in charge is prepared to accept a short notice question.

**The Honourable Mr. Liaquat Ali Khan :** I am informed by Sir John Sheehy who is the officer in charge of this that no such information was passed on to him. But now I am willing, if the Honourable Member so desires, to accept a short notice question. I shall be glad to answer it, but I may just add this because—I do not want to be accused of not keeping my promise. We will send telegrams to all the Income Tax Commissioners and if the information is available before this session comes to a close I shall certainly answer the question.

**Shri Mohan Lal Saksena :** The information is already there. The only explanation we want is whether action was taken against them or not.

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

“That a supplementary sum not exceeding Rs. 23,52,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March 1947, in respect of ‘Taxes on Income including Corporation Tax.’”

The motion was adopted.

### CENTRAL EXCISES AND SALT (AMENDMENT) BILL

**The Honourable Mr. Liaquat Ali Khan (Finance Member) :** Sir, I beg to move for leave to introduce a Bill to amend the law relating to salt.

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

“That leave be granted to introduce a Bill to amend the law relating to salt.”

The motion was adopted.

**The Honourable Mr. Liaquat Ali Khan :** Sir, I introduce the Bill.

### CAPITAL ISSUES (CONTINUANCE OF CONTROL) BILL

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

“That the Bill to provide for the continuance of control over issues of capital, be referred to a Select Committee consisting of Mr. Manu Subedar, Sjt. N. V. Gadgil, Sri M. Ananthasayanam Ayyangar, Pundit Thakur Das Bhargava, Mr. Geoffrey W. Tyson, Rao Bahadur N. Siva Raj, Khwaja Nazimuddin, Khan Mohammad Yamin Khan and the Mover, with instructions to report on or before the 7th April 1947, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

The Statement of Objects and Reasons makes the purpose of this Bill clear. We want the present position to be extended for another five years. Although there has been an appreciable change in the general conditions it is still considered desirable that control over capital issue is necessary in order to secure balanced investment of the country's resources in industry, agriculture and social services. I am referring this Bill to Select Committee so that the Committee may be able to examine it in detail and thus help in saving the time of the House when the Bill is taken up for consideration. I am anxious that this Bill should be passed this session because at present we have an Ordinance which expires sometime next August or September, and it would not be desirable to go on having Ordinance after Ordinance. I think, therefore, the House will cooperate with me in getting this Bill through during this session.

**Mr. President :** Motion moved :

“That the Bill to provide for the continuance of control over issues of capital, be referred to a Select Committee consisting of Mr. Manu Subedar, Sjt. N. V. Gadgil, Sri M. Ananthasayanam Ayyangar, Pandit Thakur Das Bhargava, Mr. Geoffrey W. Tyson, Rao Bahadur N



[ Mr. President ]

SivaraJ, Khwaja Nazimuddin, Khan Mohammad Yamin Khan and the Mover, with instructions to report on or before the 7th April 1947, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

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

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

**Mr. Manu Subedar** (Indian Merchant's Chamber and Bureau : Indian Commerce) : Sir, I do not wish to detain the House very long over this issue but as it is quite possible that I may not be able to attend some of the meetings of the Select Committee, I should like to make one or two remarks on this subject.

In the past the capital control was exercised for reasons of war and for other reasons some of which have now abated and some of which were definitely against the interests of this country. Applications of people who wanted to register companies were turned down if they were likely to import goods from America that was on the ground of exchange. If people were likely to import goods from any other country except the United Kingdom, they were also turned down. The question of supply and availability of capital goods was one on which Government claimed exclusive and complete knowledge, and that was another ground on which some of the companies were turned down. If the Honourable the Finance Member will get the records of this House scanned up by his Department, he will find that this is a point on which some of us had a great tussle with the previous Government. Any application for the manufacture of radio, manufacture of telephone equipment, manufacture of raw films, manufacture of certain kinds of chemicals, disinfectants, acids, certain kinds of pharmaceutical products, and drugs everything which England hoped to retain in their own hands was turned down arbitrarily by this Department. And I am mentioning all this not to rake up the very bad past, but in order to see that in future this control works to the advantage of this country in every manner possible.

Most of the refusals were arbitrary. When we enquired from the then Finance Member as to why certain people were refused, he said that India was not ready for such and such manufacture for manufacturing dynamos, for manufacturing electric motors, and so on and, Sir, the Finance Department had the temerity to mention that on the floor of this House in spite of the fact that on their staff they had not a single officer with technical knowledge or with technical background, who would be in a position to say whether or not India was ready. Certain private individuals who put their own money and who collect sufficient money from other people ought to be permitted to judge whether the time is ripe and whether a particular thing can be done or it cannot be done, and I do not like that the capital control should arbitrarily try to interfere with the flow of capital into industry in the manner in which they have done in the past. I am sure that would not happen with the new Government. The new Government must have some kind of plan and priorities. On what basis may I ask are our Government now going to say that capital must not flow in certain directions and that it should flow in certain other directions? These priorities according to the Policy Committee's Reports which are holding the field are not too well denied, and I am sure the administration of this Department would be extremely difficult. Sir, the work with regard to the Joint Stock Companies is unfortunately spread over more than one department. The Registrar of Joint Stock Companies has contro]

over such matters as the issue of prospectus and the conformity with the provisions of the Companies Law—that comes under the Commerce Department. And this is going to function under the Finance Department. I think it would be necessary to have some kind of correlation between the activities of the one and the other. Not only that. In the past when permission was given Govt. support was not to be presumed with regard to the prospects of the company. That is quite correct. On the other hand the Department did not possess information as to the orders placed by these people. They did not have any control as to the nature of the prices paid, and I have already on a previous occasion mentioned that very highly inflated prices are being paid by ignorant people from this country who are in a hurry to set up something and if there is going to be a control, the control is not merely to prevent the registration of companies proposing to manufacture something but the control should be really to save this country's money and to see that much of it is not wasted. Then there was the demand for information as to remittances. Here again if we keep the control we must have all the necessary information. I for one entirely approve of the principle that such a control should be maintained by this Department and that as and when they feel that certain activities will not be good for this country they should be on the scene to prevent such activities, but in order to be able to do so they should have information all along the line,—what type of machinery is being provided, at what price, what remittances are being made, and so on. There is a great lacuna in Government's control machinery and while this particular feature is something which may go in, I do feel that the whole position requires thinking out. In particular I do not know on what basis Government have fixed the priorities, whom they will permit and whom they will not permit, what is the objective, and so on. It is not enough to lay before us the general goal that it will be for the good of India. I have not the slightest doubt that this Government will not do anything which will not be for the good of India. But I do wish to know and I do wish to suggest that it is necessary for this Government to lay down certain priorities which will be in accord with some kind of general plan or scheme of things by which alone, and on which excuse alone you are entitled—Government is entitled—to interfere with the flow of capital.

Lastly, may I say that while this capital control operated during the war as an extraordinary measure, the inconveniences were put up with people. The public will be a little more sensitive now and it is with regard to companies in Indian States which have not received capital consent that their shares are not permitted to be dealt with in British India under stock exchange. Here again is a question of correlation and this will have to be tightened by negotiation and it will have to be met in some way so as to induce the Indian States to have some kind of measure, otherwise there is at the present moment confusion and a large amount of unnecessary irritation.

There is one more point and that is that in respect of the perfectly arbitrary exercise of power under this law under Section 3, I should like to suggest a board-advisory if you like—of some kind to be associated who will examine all cases in which permission is refused or is about to be refused so that the parties whose applications are turned down may have the satisfaction that their cases have not been arbitrarily turned down but have gone through the eyes of some responsible persons including the persons who are members of this House.

Sir, I support the motion.

**Dr. Zia Uddin Ahmad** (United Provinces Southern Divisions : Muhammadan Rural) : I will confine my attention to one or two points raised in this connection. There has been a complaint that whenever you allow an increase

[Dr. Zia Uddin Ahmad]

of capital you make restrictions that it should be confined to the persons who already hold the shares. The outsiders are not allowed to come in. Here I plead that there should be no restrictions. It should be made a rule that whenever capital is allowed to increase, 50 per cent at least ought to be reserved for those who do not hold the shares already. I want freedom, and outsiders should also be permitted to purchase shares. We should go to the open market and those persons who already hold shares should not be permitted to monopolise, and outsiders should be permitted to purchase to an extent greater than one-half. The majority of the increased shares if the investors are there, should go to the outsiders.

The second point raised by Mr. Manu Subedar is about the board which he has suggested. That is very valuable, because to err is human and it will be great satisfaction to people if they know that mistakes can be looked into. So I support the proposal that a board should be appointed to look into the grievances.

The third point is the freedom of purchase. I do not like control. I notice that control means corruption not only in this country but everywhere in the world. Wherever there is control, it opens the door for black-marketing and black-marketing means high prices. So I want no restrictions or priority in any shape or form and I would have freedom in purchase, freedom in subscription of capital and freedom for everybody. The greater the control the less the advance. And I am satisfied that it is impossible for you to lower the price level, that is the purchasing power of the rupee, unless the control is removed. So long as control is there, the black-marketing will be there and it falls on the honest consumers and this will raise the price index of the articles. So as suggested by Mr. Subedar, there should be freedom against purchase, no priorities, no control. So I beseech that this question of control ought to be taken up.

My friend Mr. Rajagopalachari is not here because I wish to tell him that the country is sick of control. I challenge him to seek election on the principle of control. Except for the constituency of the millowners' Association, he will not be elected because the public will not support control in any share or form. Throughout India the people are sick of it. So the question of control in capital goods and the question of purchase is as bad as elsewhere but perhaps not so bad as in the case of food.

**Mr. Geoffrey W. Tyson** (Bengal: European): I think it is an irony of fate that we should now give legislative sanction to control which by reason of the Honourable the Finance Member's budget proposal, so far as I can see, will have very little work to do in the future. On the other hand it is a wise thing that the control should be reviewed as it will be by reason of the Bill coming before the House. Originally the capital issue control was inaugurated as an anti-inflationary measure. That aspect of its work is now less important than the objectives which have been laid down by the Finance Member in the Statement of Objects and Reasons in which he said that the control is still necessary to secure a balanced investment of the country's resources in industry, agriculture and the social services. That is an entirely laudable object but control by itself will not I think achieve a policy of balanced investment. It would require something more positive than that although the control will tend to trim the ship if it gets out of balance from time to time. I would also like to say that we are in favour of the suggestion which has been made by my honourable friend, Mr. Subedar, that there should be some advisory authority to exercise a supervisory interest in the work of the organisation. What

shape that advisory board, committee or council will take will be matter for determination at some later stage. But in principle we think it is a good thing that there will be some recourse to an advisory committee where the examiner of capital issues decided to withhold consent to a specific issue. We further think it should be obligatory on the examiner to state the reasons for his action in writing and to make them public at the request of the applicant. With these few observations I beg to support the reference of the Bill to Select Committee.

**Sri M. Ananthasayanam Ayyangar** (Madras Ceded Districts and Chittoor Non-Muhammadan Rural) : Sir, I have only a few words to say on this matter. In principle I cannot agree with the Honourable Member that there is any necessity for continuing the control over capital issues in this country. After all the war is over. During the war I could understand that money ought not be frittered away on purposes other than for aiding the war effort during that period. Also as a measure to prevent inflation it might have been useful. But now having regard to the manner in which it has been worked and also from the point of view of its need, I would say that this Bill ought not to have been introduced. There is no need for it. The other day we passed a Bill empowering Government to control foreign securities and foreign currencies. We also gave power to Government to allow particular kinds of imports, what articles ought to be imported and so on. Having regard to these two Bills that have been passed it is unnecessary to have this Bill. Let any company come in. Give priority in the matter of imports only to such materials, plants and machinery as might be absolutely necessary in the view of the Government. There ought to be control all round : otherwise this kind of haphazard control is ineffective, where there is a prevalence of chaos in other departments. For this reason I would ask the Finance Member if he has got a plan. A properous concern may take advantage of his Act, and it may have the ears of the Government, and so increase its share capital. New companies may not be allowed to start and where it is necessary to start a particular kind of industry, having regard to the availability of raw materials, it is not allowed to start the industry. A number of applications which have been made for the issue of capital for starting some textile industry or vegetable ghee plant, etc. in my province have been looked upon with disfavour. They have no preference. They have no influential persons who could catch the ear of those in authority. What is the administration here ? There is Sir Alan Lloyd, who is the Chairman. I have nothing personal against him. I am not at all satisfied with the way it is worked. How can one man at the top be able to dispose cases in the absence of a particular plan. Some portions of my province, five districts in my province, are eternally subject to famine. Cotton is the only produce that is available there. I am of opinion that a number of cotton and spinning mills ought to be put down there. The Ceded districts Cuddappah, Kurnool, Bellary and Anantapur are frequently subject to famine

**Sjt. N. V. Gadgil** (Bombay Central Division : Non-Muhammadan Rural) : They are ceded to famine !

**Sri M. Ananthasayanam Ayyangar** : I want every one of those districts to improve. After this Government came into office they have not come forward with a plan, so that it may be worked out. Industries are allowed to grow where they already exist. Places where there are no industries are allowed to go without any, whether with or without this control. They are not going to get the benefit. Is there any scheme or plan by which priority could be given to

[Sri M. Ananthasayanam Ayyangar]

particular industries at particular place, where particular industries should be located, etc.? Under Sec. 94(a) of the Defence of India Rules there was control over the issue of capital. For what purpose? The advisability of having vegetable ghee produced is not beyond doubt. The matter is being investigated by the Food Department as to whether it is nutritious or not. That is a good investigation. But there has been a scramble to introduce vegetable ghee plants all over the country even before the results of the investigation are known. In one district in my constituency, where groundnut is grown, some outsiders have been allowed to put up a vegetable ghee plant with the result that the local expellers have been destroyed. The company has been floated by persons with a large share capital from outside and the persons in the district are not able to compete with them. To the extent of their ability the Provincial Government tried to avoid this other concern starting the industry. But in spite of that and over the head of those people permission was given and they have started the industry. This is really killing one district with the capital of another district or another province. There has been really chaos in this matter. We can only clothe the Honourable member with power but he has no time to investigate every one of those cases. It has not been done till now. We are not in wartime; we are in peace time. So far as importation of capital goods is concerned the Government has already got the power to control. Judged from that point of view, both in principle and in the manner in which it has been administered till now I do not see any reason for this measure at all. I would like the Honourable Member to tell us before the session is over whether he has any plan regarding the industrialisation of this country, a plan to start industries where they are suitable by way of the availability of raw products, labour etc. If there is such a plan I would certainly vote for this measure so that money may not be frittered away.

I would therefore oppose this bill. If however the House agrees to the measure, I agree with my Honourable friend Mr. Manu Subedar that not only for this measure but for the control of import of capital goods in this country there must be an advisory body. With respect to the issue of foreign exchange there must be an advisory body. Likewise go to the Connaught Place any day and you will find what a lot of unnecessary articles are being imported from foreign countries and thus our foreign currency is being frittered away in this manner. For that also there must be an advisory board.

**Chaudhri Sri Chand** (Nominated Non-Official): Our ladies want the goods.

**Sri M. Ananthasayanam Ayyangar**: I do not know which ladies want them. Therefore if there is an economic planning for the whole country, these controls ought to be there. But so long as it is not there there is no necessity for such control. I am prepared to accept the Bill if the Honourable Member is prepared to set up an advisory committee not only for this but for the issue of foreign exchange, securities and also for the grant of import and export licenses.

**The Honourable Mr. Liaquat Ali Khan**: Sir, I have carefully listened to the speeches of my Honourable friends. It seems to me that there is some misunderstanding as to how this control of capital issue works. The application is made. It is examined first by the provincial government and then it is examined by the department concerned. As a matter of fact there are three departments concerned—the Industries and Supplies, the Commerce and the Finance Departments—although it is under the administrative control

of the Finance Department. The matter is gone through very thoroughly and it is only then that the application is either granted or refused. An application is refused in case where a province recommends or the Industries and Supplies Department recommends that in that particular part of the country there is no scope for a particular industry. In the case of banks or such institutions it is generally the opinion of the Reserve Bank which is taken. Therefore I wish to assure the Honourable Members of this House that every care is taken before applications are either refused or accepted.

My Honourable friend Mr. Tyson said that after my budget proposals there will not be any need for capital control but at the same time he forgot that a point has been made in this House as well as outside that now the capital from British India will go to the Indian States.....

**Mr. Geoffrey W. Tyson :** I never made that suggestion.

**The Honourable Mr. Liaquat Ali Khan :** You did not but somebody else did. Therefore if for nothing else at least to stop capital from British India flowing into the States it is necessary that we should have control over capital issue.

I think I heard my friend Sir Cowasjee Jehangir murmur something :  
 3 P.M. How will it affect ? It will affect in this way that no company which is floated in a State will be allowed to raise capital in British India, unless the department of the Government issue a permit to that particular company.

Therefore I think it is very necessary that we should continue this control for some time.

**Sir Cowasjee Jehangir (Nominated Non-Official):** I think the Honourable Member is wrong in the assumption he has made. Will he kindly make enquiries ?

**The Honourable Mr. Liaquat Ali Khan :** I am not wrong in the least because I know that applications have come to me from States wanting to issue shares in British India.

**Sir Cowasjee Jehangir :** They will never come to you.

**The Honourable Mr. Liaquat Ali Khan :** Then they cannot raise capital in British India.

**Sri M. Ananthasayanam Ayyangar :** Clause 3 (2) says that ' No company whether incorporated in British India or not, shall except with the consent of the Central Government, make an issue of capital in British India '.

**Sir Cowasjee Jehangir :** It does not prevent any man in British India subscribing to the shares of a company started in an Indian State.

**The Honourable Mr. Liaquat Ali Khan :** The shares cannot be sold in in British India. That is what I am trying to say. If people will be foolish enough to invest in the shares in an Indian State and invest in any companies, I cannot protect fools ; I can protect only wise men.

**Prof. N. G. Ranga (Guntur cum Nellore : Non-Muhammadan Rural) :** Wise men do not require any protection.

**The Honourable Mr. Liaquat Ali Khan :** My Honourable friend says that wise men do not require protection. I have to protect Prof. Ranga sometimes.

There was another point which was a very useful one that was raised by my honourable friend Mr. Manu Subedar and which has been supported by other Honourable Members, and it is the question of having some sort of Advisory Committee attached to this particular Department. I am sure

[Mr. Liaquat Ali Khan]

my Honourable friend would not expect me to give any definite answer on that point at this stage. This is a matter that needs examination and I can assure him that I will certainly consider this point very carefully. And let me tell the House that we are ourselves not quite happy with regard to this matter. We would like to have some sort of machinery which would give even more careful examination to the applications that are received than what has been done so far.

I do not think I need assure Honourable Members of this House that the power which the Government are seeking will certainly not be used against the interests of Indian manufacture or Indian industry. It will be our object to use the powers for the betterment of the economic life of India and that is the only consideration that will weigh with us.

My honourable friend Mr. Ayyangar said that unless we could place a plan of industrialisation of the country before him he did not find himself agreeable to supporting this measure. That is a matter that the Honourable Member in charge of Industries and Supplies can answer. But personally I do not think that it is necessary to have a complete plan placed before the House. As a matter of fact, there are plans, there have been plans laid down by the Advisory Panels. It is not that planning is going on in a haphazard manner. There is a plan and the planning is being done accordingly.

**Sri M. Ananthasayanam Ayyangar :** May I know if in the matter of priorities to industries, the nature of locality etc. is being followed in the matter of capital issues ?

**The Honourable Mr. Liaquat Ali Khan :** As I pointed out to my honourable friend, every application is examined, before it is finally refused or accepted, by the Industries Department by the Commerce Department and by the Finance Department. It is not that the Controller of Capital Issues decides without anybody else having a voice. And if an application comes from a particular province it is the Provincial Government whose opinion is sought on that particular matter. Every care is being taken and I am anxious that even more care should be taken than has been done so far.

**Sri M. Ananthasayanam Ayyangar :** Is it to fit into an all-India scheme of reconstruction ?

**The Honourable Mr. Liaquat Ali Khan :** All the planning that is being done is for reconstruction and better construction of Indian economy.

I do not think there was any other point except that my Honourable friend tried to tie up this matter with the appointment of Advisory Committees for every conceivable activity of the Government of India. Well, that is a very big issue. As a matter of fact, it is a matter of principle whether a country should be governed through Advisory Committees or through Cabinet Ministers. Well, that I think is a matter on which I am sure my Honourable friend does not expect me to express any definite opinion at this stage. All that I can say is that governing a country through Advisory Committees is not the best form of government.

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

"That the Bill to provide for the continuance of control over issues of Capital, be referred to a Select Committee consisting of Mr. Manu Subedar, Sjt. N. V. Gadgil, Sri M. Ananthasayanam Ayyangar, Pundit Thakurdas Bhargava, Mr. Geoffrey W. Tyson, Rao Bahadur N. Siva Raj, Khowaj, Nizamuddin, Khan Mohammed Yamin Khan, and the mover, with instructions to report on or before the 7th April 1947, and that the number of members whose presence should be necessary constitute a meeting shall be five."

The motion was adopted.

## BUSINESS PROFITS TAX BILL

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

"That the Bill to impose a special tax on a certain class of income, as reported by the Select Committee, be taken into consideration."

Sir, it is not my intention to make any long speech at this stage. The report of the Select Committee has been in the hands of the Honourable Members for about ten days. The subject matter of the Bill has been discussed on the floor of this House more than once. I think all the criticism that could be levelled against the Bill and all the defence that could be offered has already been done, and I do not propose to say anything, or shall I say, to repeat all that has already been said, on this occasion. The Bill, I submit, as it has emerged from the Select Committee—and as I have already offered that the Government will be willing to accept certain amendments—should, I feel, receive the support of every Member of this House and the support of even those who were rather doubtful about this particular measure. Let me tell Honourable Members that the effect of the amendments which have been made by the Select Committee and the amendments which I have said Government will be willing to accept would be that the expected revenue would be reduced from Rs. 30 crores to about Rs. 12 crores. Therefore, even those Honourable Members who were rather doubtful and who felt that the industry may not be able to stand this burden which was being put upon it, would have no hesitation in coming to the conclusion that the burden which is proposed to be put on the industry is really like a drop in the ocean. I never had any doubt in my mind that the industry could stand without any injurious, or adverse effect even the burden of Rs. 30 crores which originally was intended in the Bill as it was introduced. Anyhow, now it should satisfy every Honourable Member, even those who were opposed to putting any burden on the industry. Sir, I commend the motion for consideration of the House

**Mr. President** : Motion moved :

"That the Bill to impose a special tax on a certain class of income, as reported by the select Committee, be taken into consideration."

**Mr. Manu Subedar** (Indian Merchants Chamber and Bureau' Indian Commerce) : (Nobody will withhold from the Honourable the Finance Minister credit for his having met with the wishes of members with regard to this Bill and there is no doubt that the Bill has very much changed since it came to this House originally. I see the Honourable the Finance Minister is still slightly grudging as to the concessions which he has made and I assure him that some of us still feel that he could have given more. Like all compromises, both sides are left with slight dissatisfaction but the fact that this matter has been happily settled is one on which both the House and the country will congratulate themselves.

Now, Sir, the Finance Minister has acquired great popularity in this House through his habit of good humour and passing off difficult matters with a joke. One of these jokes was that he got up and said "that this measure is only for a year. Profits have been already made. There is nothing else next year. Who the Finance Minister will be next year I do not know but whoever it is, if he wants so much more money, he will have to come to you. But so far as I am concerned this Bill is only for one year."

This reminds me that the income tax itself was levied as a temporary measure and it was expected to be put off in two years' time. That was more than 60 years ago. When the super tax was levied it was put down to begi-



[Mr. Manu Subedar.]

with 50,000 and it was regarded as temporary. When the surcharges were levied, they were supposed to be temporary and were expected to be removed. Now the supertax level has come down from 50,000 to 25,000 instead of being only temporary and any man who suggested that surcharges have been already consolidated with the main rates and any man who suggested that either the income tax or any of the levies are only temporary and will be removed would immediately qualify himself for Thana where we have a mad house in Bombay. In other words that was a splendid joke to pass off a difficult situation. We must view this in the light that it is a permanent measure and therefore I am going, in the course of my remarks, to make an appeal to the Finance Minister that in the administrative handling of this measure and in some other small respects, small adjustments which may be necessary in order to make this particular tax measure acceptable and suitable as a permanent measure should be adopted.

Now, with regard to the effect of these measures generally and particularly the Business Profits Tax on small shareholders and the general community and the flow of investment and so on, the Honourable the Finance Minister has made much and many other people in this House and outside have made much of what they call the howl of the rich. It is not the howl of the rich which any of us wish to echo in this House and I want to quote for that purpose to the Honourable the Finance Minister a quotation from what the Bombay Shareholders Association is saying. Let me mention that this Shareholders Association is conducted by Mr. Kapadia who appeared before the Honourable the Finance Minister and many of us in the Banking Committee. He is a born and sworn enemy of the class which is known as promoters, which is known as Managing Agents. There is no man in India who during the last 20 years has more confidently exposed all the viles and guiles of the promoters, high financiers, interlocking financiers and Managing Agents. I say and maintain that this institution is hated by every managing agent in this country because there is hardly any large firm of Managing Agents that anybody cares to remember and mention who at one time or other did come in the scrutiny and in the protest of this particular institution. He is no friend of the class that the Honourable the Finance Minister wishes to attack. It is from this Association that I am reading a small extract to this House.

The Bombay Shareholders Association consider :

"Business Profits Tax and one anna, additional corporation tax take away about 9 anna, 6 pies in the rupee from companies taxable income. Stop. Such heavy imposts seriously affect companies especially new companies brought into existence on account of Government's industrialisation policy. Stop. Consequently their capacity to maintain adequate reserve and reasonable dividends will be crippled. Stop. Therefore investing public, particular millions of small middle class investors who form backbone of industries will be scared away inflicting heavy blow to economic and industrial expansion. Stop. Production so badly needed will slow down."

Now, Sir, as I said once before. It is extremely difficult to judge the exact effect of measures of taxation. I am not surprised that the Honourable the Finance Minister should still confidently say that industry can bear this and nothing untoward will occur. Some of us with a more conservative spirit are still inclined to doubt it. The speeches of my Honourable friend Mr. Tyson and several others who are in a position to know and understand business conditions reflect the fear and apprehension which some of us have got. Sir, the financial institutions of this country, as indeed of any other country are extremely sensitive. That mechanism is extremely delicate and

I am sorry to say that the first effect of these measures has already been witnessed in Bombay in the failure of the Associated Banking Corporation with a loss of 3½ crores to the public. (*An Honourable Member*: What is the connection with this Bill)... Well the margins diminish, the bank asks for more margins, the clientele are unable to give, the banks foreclose, there is a run on the bank. There is a whole series of events.

Now, Sir, I gave an example of a man being thrown out from the balcony. These rich men, instead of being taken step by step down the staircase are being thrown out of the balcony. Nobody is in a position in such an event to dogmatise what the harm will be. The man may survive or he may be permanently maimed or he may get off with a few bruises and the shock. The full effect of all these measures will not be felt and realised until next year this time. At that time the Honourable the Finance Minister and myself may well find ourselves comparing notes and the distance between our respective views will not be as great as appears to be today.

Sir, I do not wish to compare my Honourable friend the Finance Minister with the ubiquitous hack Victoria driver in Bombay, corresponding to the *tongawala* here and the cabby in London. There is no more picturesque class than this particular class. I have great affection and interest in men of this class and other groups of humble people who are earning their livelihood. It is not possible for us to love everything that they do. Sometimes they address their animals, '*Chalo mere bachche*'. They address the animal as their son, and sometimes I have heard them use extremely intimate references to the sister and mother of the horse! Sir, as I said before, comparisons are unsatisfactory and no comparison can be carried or ridden too far, but there is one respect in which I think there is a reasonable scope for comparison between the hack Victoria driver and the Honourable the Finance Member. That hack Victoria driver does not give food to his animal enough to make him very fat; he does not give him food enough to leave him very strong. He gives him just enough food to get the work out of him and no more. And in judging this very delicately, some very tragic results have been witnessed by us. Many Honourable Members in this House will confirm me when I say that this is not an uncommon sight. In judging the exact amount which could be given to the horse just to keep him alive and to see that he does not feel strong—it is a very delicate judgment—sometimes the horse is kept on such a margin that I have seen horses tumble down in the middle of the work and breathe their last in very great distress. They are unable to go forward and sometimes they are injured and to remove them from this misery, they have got to be shot. This is a comparison which I have mentioned because I wanted it to be recorded that this is a very delicate measure. Up to what limit could you leave resources in the hands of business enterprises, joint stock companies and industries so that they will not only survive but show some expansion. Any man who dogmatises that he is absolutely right in this connection, with all humility I say he is not right. I do not say that there was no need for funds. I am very glad that the Honourable the Finance Member has met popular wishes from all classes that the burden may be lightened and that the apprehensions which some of us feel may not be realised. I am very glad that has happened, but we do feel that the whole business would still have to be watched and if and when industry slackens down and enterprise fails, this very Government and my Honourable friend Mr. Liaquat Ali Khan himself will, I have not the slightest doubt, come on the scene himself and take steps to reverse the effect, if there is such an adverse effect of these measures.

[Mr. Manu Subedar].

Now, Sir, the Honourable the Finance Member gave some comparative figures with regard to the lower reaches and lower ranges of income-tax in the United Kingdom and in this country in order to show that the scale of tax in this country, though unaccompanied by the reliefs which were given in the United Kingdom, was not as high as in the United Kingdom. I am very happy he gave that and he did clear the air. May I similarly request him not at this time but at some later time, some time before this session or by way of a press-note—equally to give a comparative table of taxation on joint-stock companies with taxation on joint-stock companies in the United Kingdom and the full effect of the measure which we have before us *plus* 7 annas on the profits of the company tax which still remains? If we have this comparative effect, it will be seen that we are not very far behind. Allegations were made to me that we have already exceeded in certain incomes and certain capital structure of companies; we have already exceeded the levy in the United Kingdom. I was loth to accept that proposition but I do feel that a comparison must be made and it must be realised that the capacity of joint-stock companies and enterprise in this country to bear taxation is not at all as sound and as extensive as of enterprise in the United Kingdom and that any attempt to levy taxes on the same scale as in the United Kingdom is bound to have untoward consequences, some of which my Honourable friend himself may not be anxious to see. Now, Sir, with regard to the small man about whom we have talked, may I bring to his notice one other aspect in which the little man is concerned. We have a contradictory principle of taxation in India in private companies under section 23(a). If a company does not declare dividends, it is still deemed to have declared 60 per cent. and he is taxed on that basis. A rather heavy penalty is imposed on the other hand on public companies which give more than 30 per cent. of their profits by way of dividend and this penalty has been very much enlarged this year with regard to the provisions already passed in this House in the Finance Bill.]

Now, Sir, I am concerned with regard to the shareholders who are receiving dividends. To my mind, the business profits tax, which takes away a certain considerable chunk, one-sixth of the total gross profits, does, in the first instance, diminish the capacity of the company both for reserves and for dividends and to the extent to which it diminishes the dividends, this Government itself is losing money. It is losing money from all those classes who, when they earn dividends, have to pay super-tax on it. So, what is received by way of business profits tax will certainly show lesser return in the super-tax of that particular class. If, therefore, the dividends are reduced with reference to the super-tax *wallas*, the loss is not so great. But if the dividends are reduced with reference to those who are not eligible for super-tax payments and who are not even eligible for the company rate of payment of income-tax, then the tragedy comes in. I want to show this tragedy here. While I have no amendments or any concrete immediate suggestions with regard to how it can be modified, I would appeal to the Honourable the Finance Member to have this matter examined. The shareholder gets a refund of dividends received by him provided the rate at which he is liable for income-tax is less than the rate at which the company has paid the income-tax, that is to say, 5 annas, but no refund is given to him with regard to the additional 2 annas, namely, what is called the corporation tax or the company super-tax. He gets no refund. My Honourable friend the Finance Member has increased in company taxation this year one anna more which was reduced

last year and which the House has already passed. I now put to him whether the time has not yet come in order to examine with reference to the refunds of those who are not in their personal rights liable to 7 annas in the rupee as income-tax. So, the case which I am making out is really very much stronger when we consider that there is no question of any refunds on the business profits. After all, one-sixth is taken out of the dividends and reduced on account of it.

Sir, seven annas are payable by the company. The Share-holders' Association which came into existence in 1926 and has functioned very successfully for 21 years should be in a position to know about it ; and according to this Association millions of people are affected by this and by the somewhat obsolete and, in the light of increased taxation, extremely harsh laws with regard to refund. And I say the Finance Minister is the last man who will take money from the class whom he does not intend to hit, from whom he does not intend to take money. I would request him therefore to have this matter examined and see whether the system of refunds could not be so recast as not to bear so heavily on a class for whom this particular tax was never intended. The system of refunds existed when company taxation was only 32 pies in the rupee ; it has now grown to seven annas in the rupee. It indicates that a stage has come when in order to have our taxation system on a just and fair basis, and particularly in order not to penalise the class for whom my Honourable friend has shown particular solicitude, this matter should be examined.

Now, Sir, I do not wish to say much more, but I will say that in spite of the fact that this is supposed to be a variation of the E.P.T. this is a new form of tax ; and when you levy a new tax a good many loopholes, situations and circumstances unforeseen by you or by any one else may creep in. And I would appeal to the Finance Minister to give directions that administratively when these issues arise they should not be decided on the letter of the law as his tax officers are prone to do now but that these issues should be brought to himself and the basic principles of them be determined by himself in order to see that the objective is maintained and nothing is done which was not intended to be done. I will therefore put three little points without going into details. (1) In counting the abatement at 6 per cent. as provided in this Bill when companies which have received premia for shares which they have put forward in the market—and these premia do not necessarily come from the public, very often they come from their own shareholders—these premia should be regarded as much as capital and reserve of the company as the ordinary capital. My Honourable friend Sir Cowasjee Jehangir has an amendment on this matter, and I think it would serve the ends of justice as intended by the Finance Minister if that amendment is accepted by him.

(2) With regard to the E. P. T. there have been E. P. T. deposits with Government and the companies will receive these deposits back. This is as much their capital as any other form of capital and reserve which have been already provided for and in the computation and structure of this Bill ; and it would be a calamity if Government on the plea that the return of the deposits made under the E. P. T. will be made sometime during the next official year say that because these monies had not been set out in the books of the company as part of the capital of the company they should be excluded therefrom. That again would be grossly unfair to enterprises which are involved in this.

[Mr. Manu Subedar]

(3) Lastly, the Select Committee had certain amendments, particularly with regard to the provision to exclude from the operation of this Bill general insurance, public utilities, banking and investment companies. They had also suggested that special provisions may be made with regard to shipping companies. Under dispensations to which I do not wish to refer these matters have remained, and the Bill as it has come to this House and the form in which my Honourable friend will get it passed makes no provision whatever for any of these special types of industries. Some of them require special consideration and this can be given without affecting either the principles of this Bill or the general principles of revenue. And I certainly plead that when any company has got reserves against catastrophic losses or against conflagrations or earth quakes or any other contingency of that kind in which both insurance and shipping companies are seriously involved, some of these cases when they come may be examined ; and there again not the letter of the law as provided in this Bill which is after all a first and a new measure but the basic principles should be brought to the Finance Minister himself, and he should—as I am sure he will—give a just, fair and wise decision on these issues.

Now, Sir, there was much dust of controversy in this House and I deprecate all these sectional and party controversies. I would not have made any reference to this had it not been for the fact that my Honourable friend Dr. Ziauddin alleged that the Select Committee had used language which was used by the Federation of Chambers of Commerce. If any one suggests that because Mr. Liaquat Ali Khan is a Muslim Leaguèr and therefore his budget was attacked by people here or outside, that suggestion is not worth considering. It is a suggestion which is not only bad in fact but it is in my mind a very uncivil suggestion. That suggestion drops to the ground on what fell from my Honourable friend Khwaja Nazimuddin who said that a good many papers of the Congress persuasion welcomes the scheme of taxation as put forward by my Honourable friend the Finance Minister. If that is so, the other suggestion that anybody is making an attack on the scheme of taxation as put forward by Mr. Liaquat Ali Khan because he is a Muslim Leaguèr and that any members of the Congress Party went out of their way to make an attack on him falls to the ground. I speak with humility and with a certain amount of pain with regard to this, that I should have to refer to such topics at all. But they have been referred to. We have been charged with having stated in the Select Committee not views which we honestly hold but those to which we have been tutored by somebody. That is a contemptible suggestion wherever it comes from. Sir, I have not the slightest doubt that the Congress consists of all classes, all sections, all views and opinions ; and so does the Muslim League. I have met and have received letters from merchants and businessmen of the Muslim League whose views with regard to these Bills and these taxation measures are not at all different from the views which I hold. Therefore it is no use saying that all the merit is on my side and all the defect is on your side ; and any one who for the sake of making a little debating point indulges in such a thing is doing no service either to himself or his section or this House or this country. Sir, business interests of the Muslim League have the same view as I hold on this subject, and so have my European friends who are acquainted with business conditions. As for the Socialists, whether they are on the Treasury Benches in the person of my Honourable friend or whether they are in any other part of the House here, I am sure all of them from every quarter have to make up their minds and explain themselves and put forward a programme as to

what they wish to do. The fact of this taxation goes very far in advance in the direction of reducing inequalities is something which we all welcome. But this sort of bandying which we had in this House, the atmosphere of suspicion, the atmosphere of abuse, that, Sir, is not required. What is wanted was and the Honourable the Finance Member very rightly made an appeal for public co-operation. He wants against tax evaders the fullest co-operation from the people of this country. I say he is entitled to have this co-operation. But any sort of partisan bandying of words here which are passed in joke, I fear they have serious consequences outside. All of us have a responsibility. I would make my humble appeal to all sides to weigh the words which they use and not to indulge in either abuse or suspicion unnecessarily but to give such criticism *bona fide* as arises out of this measure which I am sure Government Benches would not find un-welcome to hear. It is through constructive criticism alone that something is to be built up. I do not wish to take up any more time of the House in explaining the position of the Select Committee and those of us who were compelled to write in the manner in which we wrote. I ask the House to look at the language, look at the reasoning which we have given. We still feel that that line and that reasoning is correct. Sir, I do not speak for any individual or party, but I do say that all those who have taken up the allegation that congress has gone out of its way to support the rich man, I would ask their attention to the fact that the most objectionable feature of the whole scheme of taxation which has been put forward has been repeatedly said on this (opposition) side is the increasing of slabs, that is to say, supertax on individual rich incomes. Is it not significant that no attempt was made on behalf of the Congress Party or on the Congress side to interfere with this part of the taxation scheme put forward by the Finance Member which in the opinion of a good many knowledgable persons is in its effect on industry still more deleterious than some of the other measures. Why was it not done? Merely because that is the case of the individual rich. As far as I can see the Congress has not espoused the cause of the individual rich. But whether it is a question of production, the effect on the flow of investments; the scope of employment and the availability of security materials during the war and other purposes for this country, there, the outlook is different. Even if it means help to those who are enterprising and who are conducting the affairs of the country, I am sure all sides of the House would not grudge any support which may be necessary in order to achieve the results which are useful to the whole society.

Now, Sir, I think there are other points in detail in this measure which would have been granted but in the summary manner in which this matter has been settled, there are only two points namely this co-relation of the abatement with the capital of the company and of the reduction of the rate to 16½ which will be granted, as some of other friends will put forward some points on this. I shall not detain the House beyond saying that we are glad that the Honourable the Finance Member has found it possible to meet some of the points raised by members of this House and to bring a measure which will be acceptable to the House as a whole.

**Sir Cowasjee Jehangir** (Nominated : Non-Official) ( I think we must agree with the Honourable the Finance Member when he said that this Bill has been a great improvement on the Bill as introduced. He also said that there were some who contended that business and industry could not bear any further burden just now. I have not heard that contention in the House. The contention that has been often put forward and very legitimately was that business could not bear the cumulative effect of the burden which

[Sir Cowasjee Jehangir]

the Finance Member desired to place upon it. He said that he reduced his burden of 30 crores to 12 crores. It was not the amount that he desired to place, but the way in which he desired to place it. That was the trouble. Now, Sir, it has been suggested I think in the Select Committee and in this House that E.P.T. should have been renewed again at 33 1/3 per cent which would have brought him nearly 30 crores. If it had been our contention that the industry at this particular moment could not bear this burden of 30 crores, we should not have suggested E.P.T. being renewed at 33 1/3 per cent. Now, Sir, when I say that the Bill has been greatly improved, I honestly believe it. If I say I honestly believe it, I must also repeat that the Bill as originally presented to this House was unjust, inequitable and impracticable and it was surprising that the Finance Minister should have brought such a measure before this House for its consideration. It showed lack of experience, lack of knowledge of industry and trade of this country. I am not going into details of the Bill as it was presented and the many difficulties, but I should like to touch upon the point that has been raised by Mr. Manu Subedar. I was not in the House during the general debate, but I read in the newspapers that the Honourable the Finance Member contended that this Bill was only for one year. It was heard on the radio and the words were taken literally. The next day the Honourable Member in another speech said that what he meant was that so far as he was concerned, it was for one year and that like any other taxation, the Bill would last for one year and he or anybody else in his place had the right of having it extended like any other measure. There was a very great difference between saying it will last for one year and saying that it can be extended by any Finance Member if he so chooses. The point that arises is this. Is it intended by Government to be a permanent measure? Or is it intended to take the place of E.P.T. which was meant to take only a part of war profits? That is the question I would like the Finance Member to explain to the House. I have said and I believe it that the industry today can bear a certain burden from these war profits—these profits which have been made in 1946-47. Whether those profits are going to continue or not, I am not in a position to say. The Honourable Member for Railways made an extraordinary speech in this House during the general discussion on the Budget, a speech which has been criticised throughout India by the business community and criticised very strongly. It has been called an illogical speech and it has been suggested that it was delivered by a man who had forgotten all the economics which he had ever learnt. He brought up a very important point. He contended that there may be deflation in future. True; there may be deflation. If there is deflation and if these companies do not continue to make what would be ordinary profits, far less war profits, can this tax continue? I trust that the Honourable the Finance Member will give us some assurance on this point. If there is to be deflation in this country, one would have expected the Railway Member to advocate the theory of public finance which has been accepted in western countries, that is to adopt a technique by which the trend of falling production is anticipated and Government takes measures to encourage fresh enterprise to keep up the high level of economic activities. To say that there is going to be deflation and to argue that these taxes should be at the level at which the Honourable Member originally proposed is contradictory in terms. These companies are not going to make profits for all

times to come. We have been through five or six years of exceptional times. I am sorry the Honourable the Transport Member is not here, but I would ask him to look into his own records to see how his railways fared for many many years. Why? The interest even that Government had guaranteed, had to be made good by Government in past years. That has been the position of many companies; they could not even earn interest which Government thought every shareholder was entitled to. Let him look into his own records, and see if it is not a fact. If that is the position, I am prepared to make a sporting offer to both the Honourable the Transport Member and the Honourable the Finance Member. If companies are started, will Government guarantee a minimum rate of interest, and if that rate of interest is made by the companies and a further profit results, let Government share half and half with the shareholders. Government are not to invest a single rupee; they guarantee a certain minimum rate of interest; above that if there is any profit let it be shared half and half. Will the Honourable Member accept that offer? I may tell him that many companies will come into existence notwithstanding this taxation if this offer is accepted. Industries will not be started in this country due to this taxation, and due to the fear of losses which are inevitable with every new industry.

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

Sir, I have no desire to take up more time of this Honourable House but I would like to ask for a little clarification. Under the E.P.T. Act Government has to return the deposits that companies made to Government. Those deposits are being repaid. The first instalment, I believe, is due on the 1st of April, *i.e.*, tomorrow. May I ask what is the position of those deposits? When they were made I believe income-tax was paid on them I take it therefore that they will not be subject to Business Profits Tax. It is a pure and simple return of money lent by the companies to Government. I hope I am correct. I am so glad that the Honourable Member is nodding his head which means that it is so, but I hope the Honourable Member will say so, so that it may go on record.

There is one more point. The abatement is calculated by a certain percentage on the reserves, but the reserves are to be taken as those which have paid tax. Such reserves which have not paid tax have to be deducted from the reserves before the abatement of 6 per cent. is calculated. Now, may I ask how any company will be able to separate reserves on which it has paid tax from reserves on which it has not paid tax? My Honourable friend, Mr. Ayres, knows exactly how a balance sheet is made up. The balance sheet does not show whether the reserves that have been set aside for a particular year are only such reserves as have been allowed by the Income-tax Department for abatement of income-tax. It shows what the company has set aside; it may be out of the amounts that Government have allowed for depreciation; it may be amounts set aside out of actual profits after paying income-tax. How are the companies to work out this difference between reserves which have paid incometax and reserves which have not? There are companies which are 60 to 80 years old; their balance sheets won't show this. I presume that the Income-tax Department will assist the companies in finding out what are the reserve for abatement of this tax, and if they do not assist, the companies are not in a position to do so, and the onus is on the companies. It is a very unfair position. I hope that the Income-tax Department have records go-



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ing back to 60 or 70 years and they will be able to tell the companies exactly what part of their reserves have paid incometax and what parts of their reserves have not paid income-tax, and if that is not possible then I trust the Honourable the Finance Member will by an executive order have some rough and ready rule by which companies can work. It is not in the Bill; I do not suggest any amendment, but I make this suggestion, and I trust that if it is possible to work it out by the Department, well and good; if it is not, then some sort of convention must be brought into existence whereby the companies can work out their reserves for abatement of this tax. These are the two points on which I would like to draw the attention of my Honourable friend, and on which I would like to have some sort of an assurance from him. Another point that was suggested by my Honourable friend, Mr. Manu Subedar, is down as an amendment by me, and I do not want to take up the time of the House on discussing that, but I trust that that will also be satisfactorily settled.

Sir, I support the Bill now as it stands, and I trust the Honourable the Finance Member will have no reason to feel that industry in this country is not prepared to make its proper contribution to the treasury of the Government.

**Mr. P. B. Gole** (Berar : Non-Muhammadan) : I am neither a capitalist nor do I belong to the labouring class. I belong to the middle-class and I am going to make certain observations regarding this Bill which affects

4. P. M. the common man who invests : and I would like to examine this Bill from the point of view of a common man who saves a little and wants to live a certain dividend or interest that he would gain thereby.

This year in particular, when an Indian Finance Member is at the helm of financial affairs, I would have expected that instead of remarking that the capitalists have made a lot of money and that money should be taken away from them and distributed among the poor—instead of that, if the Finance Member had decided to devote himself more carefully to the existing finances and had tried to minimise expenditure which is top-heavy, it would have been much better. So far as I am aware, Sir, it has been always customary to find that while estimating the revenue of the coming year, the revenues that were estimated for the last year and the revised estimate are taken as a guide to budget for the next year. I am really surprised that this year in particular, that whereas for the year 1946-47 the budget estimates were Rs. 306 crores, the revised estimates show that the revenue to the tune of Rs. 336 crores was expected. While, therefore, budgeting for the year 1947-48, if we take Rs. 336 crores or one or two crores more or less—that is usual while budgeting for the second year—that would have been a proper estimate. You will be surprised, Sir, that this year the budget estimates show that the expected income for 1947-48 is Rs. 279 crores. Neither Rs. 306 crores is budgeted for as in 1946 nor Rs. 336 crores or a little less than that this year. Naturally the question would arise as to why the Finance Member under-estimated to such an extent. It is unusual to expect that when the previous year's budget estimates and revised estimates show such a rise, that in this particular year, the figure of Rs. 279 crores has been shown to be the estimated revenue for 1947-48. I tried my level best to see whether there was any explanation from the Finance Member regarding such underestimates. Of course there was going to be a loss of

a crore or two in the revenues from Posts and Telegraphs, and a crore or so in the revenue from the railways. But beyond this there was no likelihood why the revenue should dwindle to Rs. 279 crores. Last year Sir, I remember the speech of Sir Archibald Rowlands, where he stated that the war was over and while budgeting for the year 1946-47 war conditions should not be taken into consideration, and therefore an explanation was given for reduced estimates. Now, there are no war conditions. Instead of lower estimates as I have shown to you, the revised estimates show an increase of Rs. 30 crores. Why in this particular year such a lower estimate? Because I know that the Finance Member intended to remove the salt tax. There by there would be a loss of nearly Rs. 9 crores, but at the time when the budget estimates were made, certainly the Finance Department did not know that the Finance Member intended to abolish the salt tax. Therefore, when the Finance Department prepared the budget estimates those revenues from salt were also included in the Rs. 279 crores. I really do not know how such an under-estimate was made. But it seems to me that there is some sort of an attempt to create a scare that the budget must be balanced and for that purpose new taxation is necessary. But you will be surprised to know that the estimated loss was Rs. 57 crores, that is exactly the difference between Rs. 279 crores and Rs. 336 crores. If the Finance Member had estimated for Rs. 336 crores as the budget revenue for the year 1947-48, he could not have shown the loss. But there it is. There was to be some justification for the imposition of these novel taxes. Therefore he has done it. But what is the effect of these taxes—of course I do not want to repeat all the arguments that Mr. Manu Subedar advanced, because I have already stated that I am neither a capitalist nor do I belong to the labouring class; I admit that I do live on certain incomes that I get from shares. The effect of the taxation proposals is going to be very bad on the middle-classes. The labouring classes, so far as mill labour is concerned, they are far better off. So far as the capitalists are concerned, they are rolling in wealth whereas the income of the middle-class is a limited one. According to the taxation proposals that income is going to dwindle.

Expenses show no downward tendency. On the contrary the prices seem to be still rising, and therefore so far as middle classes are concerned, as the income is dwindling the prices show a rising trend. Therefore they will find it extremely difficult to make both ends meet. I may tell you that the major portion of the revenue is obtained from the middle-class. The labouring classes do not care for taxation. They pay no taxes. The rich being very few—although of course the sums which each of them pays may appear very large the total amount by the rich is comparatively small. The majority of the taxes is from the middle class and that class is going to suffer under this new taxation. I will show how in different ways the tax is going to be heavy so far as the middle classes are concerned.

Before I return to this point, I am drawing the attention of the Honourable the Finance Member to the conditions of Banks. The Finance Member referred to the heavy withdrawals from banks on account of the goods purchased and especially the exchange Banks claiming back their money and on account of certain orders placed for foreign goods banks are put in a tight. What has further happened is that on account of these taxation proposals, those banks which have advanced money on the security of goods, or shares are likely to suffer as the values of their security have dwindled. Further margins have been called for. That margin is not forthcoming.

[Mr. P. B. Gole]

Just now, my honourable friend pointed out the case of a very important bank, the A.B.C. bank which had to close their doors on account of such heavy withdrawals and their inability to meet the demands when made. So far as that bank is concerned in the Bombay High Court a petition was made and Sir Jamsethji Kanguga who appeared for the bank assured the Court that the bank was more than solvent but that on account of the fall in the value of shares and stocks the bank was unable to meet the immediate demands and had to close their doors. They claimed a moratorium of two months.

**Sri M. Ananthasayanam Ayyangar** (Madras Ceded Districts and Chittoor: Non-Muhammadian Rural) : Why should this bank alone collapse ?

**Mr. P. B. Gole** : This bank collapsed, whereas the other banks are on the point of collapsing.

**Sri M. Ananthasayanam Ayyangar** : Where will they invest ?

**Mr. P. B. Gole** : They have already invested. It is not a question of investing now. They have already advanced money against the shares and goods. What will they realise if they were to sell their shares now ? It is quite likely that they will meet with loss and the bank's condition will be rather precarious.

While we were in the Select Committee on the Banking Bill for the major portion of the time when evidence was heard the Finance Member was not present but during the time he was present he watched and studied the evidence that was brought forward before the Select Committee. Even at that time banks in certain provinces were in a tottering condition. What will happen to the banks on account of this Bill ? Already the corporation tax has been increased to two annas and the banks will have to pay the extra one anna. Supposing a bank were to make a profit of more than one lakh or more than 6% on the share capital and its reserve, 16 $\frac{2}{3}$  of the excess profits would be taken by the Government. I would ask in all earnestness whether banks are industrial concerns which have made huge profits in the past? I know the Imperial Bank paid 14 per cent on their original value of shares. The value of the share of the Imperial Bank was Rs. 500, whereas the bank was paying Rs. 70 as dividend. The market value of the share was Rs. 3,300, so that those persons who bought the shares at that price will find their income dwindling. I do not consider the case of speculators but those who invest in order to get 3 $\frac{1}{2}$  or 2 $\frac{1}{2}$  per cent as a very reliable source of income. They purchased these shares at Rs. 3,300, when its face value was Rs. 500 and they will find the share value going down and the return on their money will not even be 2 or 1 $\frac{1}{2}$  per cent. That matter ought to have been considered by the Finance Member. I find that the minute of dissent in the report of the Select Committee recommended that banks should be excluded from the operation of the Business Profits Tax. In fact you cannot place banks on a level with other industries, which no doubt made a huge profit in war time. The result of these profits was that there was a mushroom growth of banks and these banks are in great difficulties. The small banks which have grown up during the last five or six years will not be affected but other big banks which have made investments are likely to suffer. I will give you an instance.

The A.B.C. bank for no fault of theirs had to close their doors. It would not be out of place to mention another bank, the International Bank. The Reserve Bank issued an order prohibiting them from accepting any more deposits and after that no permission has been given to that bank

to start its business again. The reason is that the B.P.T. has come in their way again. Similarly so far as the banking world is concerned they do not know where they would stand. I must confess that the Bill has undergone some modifications now but even these modifications will not certainly retard the downward trend so far as profits from the banks are concerned. Banks in India cannot be compared with banks in England and America. Banking business is a new business so far as this country is concerned. Formerly there were individual bankers but banking business under the Indian Companies Act is a new business, it is a new experiment. Therefore until this business grows and is able to provide cheap credit to the rural population banks should be allowed to thrive. That is my personal view. From this point of view to classify banks amongst other profit earning industries would not be justified. I would request the Finance Member to consider this point of view and exclude banks if possible. There are of course agreed amendments. I have given notice of an amendment so far as exclusion of banking is concerned: I do not know whether it will be accepted now. I was glad to hear the speech the other day of the Finance Member when he said that he wants industries in India to thrive. If that is really his objective, he should realise that banks are the fountain source from which industries will be supplied with money. That fountain source should be left untouched, just as the Finance Member has left untouched the life insurance business. These are my observations with regard to the exclusion of banks from the operation of this tax.

I would draw the attention of the Finance Member in particular to clause 9 of the Bill. It is going to affect very heavily the small shareholders and other shareholders also. They do not get any Managing Agent's commission. Dividends are the only thing they get. I would, with your permission Sir, read that clause:

“Where an individual is entitled to profits arising from more than one business of which at least one is carried on by a firm in which he is a partner, the Incometax Officer, may, with the prior sanction of the Inspecting Assistant Commissioner of Incometax, aggregate the shares of such individual in the profits or losses of such businesses and treat the sum of such aggregation as the profits of a business carried on by such individual and assess him accordingly.

I am not talking of middle class men who live on dividends. Take even the case of rich people who get large amounts of profits as dividends from different companies. Supposing he has invested his money in three or four companies and the total of these dividends, or incomes from different sources is more than Rs. 1 lakh, then he becomes liable, because the whole aggregate income is taken into account, and the man is liable for business profits tax. Imagine his position. He holds certain shares in different companies. That company is mulcted with the income-tax, the corporation tax and this business profits tax. After that he gets certain dividend. Suppose he has invested in several companies and the income from his dividends exceeds Rs. 1 lakh, he has to part with a further 16½ per cent of the amount above Rs. 1 lakh. It comes to this: tax, tax and tax. Because he happens to own shares in several companies those companies are to be taxed. Besides, if he happens to be a partner with some other firm carrying on business, the partnership business has to pay income-tax, super-tax etc. And his individual income has to be taken into account because he has invested in several concerns. He gets over Rs. 1 lakh and therefore he has to be additionally taxed. This is the discretion given to the Incometax Commissioner.

**Sjt. B. S. Hiray** (Bombay Central Division : Non-Muhammadan Rural) : Can you give any example of such a case ?

**Mr. P. B. Gole** : I am just giving the example. Suppose his dividend income is more than Rs. 1 lakh then the company from which he gets dividend pays the business profits tax, corporation tax and the income-tax. Because this fellow happens to get the income from several companies his income is pooled together and he has to pay also the business profits tax. This, I would submit to the Honourable the Finance Member, becomes too burdensome. I do not want that the man should become desperate because his income happens to be more than Rs. 1 lakh, that the company in which he holds shares should be taxed with the business tax, that the partnership in which he holds an interest should be taxed with this business profits tax, and supposing he has got some house property in Bombay or Delhi or Calcutta from which he gets more than a lakh of rupees then he has to pay super-tax, income-tax *plus* business profits tax on the income which is pooled together from all these sources. I would submit, Sir, that this would be inequitable and this clause 9 which gives a discretion to the Income tax Officer to pool together the incomes from these dividends and then consider whether he is liable to pay business profits tax should not really have been incorporated in the manner in which it has been incorporated in Section 9. I find from the Report—even the Minority Report—of the Select Committee that no attention has been given to this anomalous condition and therefore I refer to this clause 9 of the Bill which will fall very heavily upon certain classes of people for no fault of theirs. I can understand a man getting an income from his own profession which exceeds Rs. 1 lakh : that should be taxed to business profits tax. But suppose he gets income from a company or firm which is also made to pay business profits tax, then that dividend or whatever it may be should be pooled together in order to make him liable for business profits tax is to my mind highly inequitable and should be amended.

Then, Sir, I have to bring to the notice of the Honourable the Finance Member certain evasion of the tax which is being pursued. I do not know whether the Finance Member is aware of it or not. He is very particular that nobody should be allowed to evade this tax. That is quite true. But I would draw his attention to certain foreign companies which are trading in India and whose share capital consists of dollars or sterling. Under Section 4A the Income-tax Act those dollar or sterling companies which earn more than half their income in India are liable to pay income-tax, super-tax and excess profits tax. Not only that. The shareholders in these companies, although they may be residing outside India, if they get dividend from these companies—which dividend very often may amount to more than Rs. 25,000—are liable to pay the tax. I may draw the attention of the Honourable the Finance Member to the questions and answers which were given on the floor of the House. The Government reply to the question was that there were 575 sterling and dollar companies, and of these 97 companies in 1943-44; 98 companies in 1944-45 and 84 companies in 1945-46 earned more than half their profits in India. You will be surprised, Sir, to learn that a majority of these companies have completely escaped taxation on the ground that they were registered outside British India. They have not even cared to submit the returns called by the Income-tax Officers. I do not understand why the Income-tax Department was so lax and why they have not called upon these companies to submit returns and if they did not do so why the penalty was not imposed on them and why they were not prosecuted. The Finance Member should

take into consideration why these companies which have earned more than half their 'profits in British India although they are foreign companies, should not pay any tax to the Indian exchequer. They have completely escaped taxation and I do not know whether the Finance Member has taken this into consideration. The Finance Member is anxious that nobody should be allowed to escape taxation. If that is correct—and I am quite sure he has correctly stated that point—then it is the duty of the Finance Department to see to it. At least the Finance Member will call upon the Finance Department to show why these companies have not been prosecuted. I may also point out to him that the limitation for recovery of income-tax is four years. From 1943-44—I am of course proceeding upon certain figures that have been supplied by the Government—from 1943-44, 1944-45 and 1945-46 these companies which earned more than half their profits in British India—both dollar and sterling companies—should be immediately called upon to submit their returns and they should be taxed with income-tax, super-tax and also excess profits tax. If this is done I am sure that the Finance Member today will be able to get more than Rs. 30 crores. Such are the huge profits that have been earned by these companies, and they have escaped taxation altogether. Apart from this, the shareholders of these companies, although they may be residing outside British India, getting more than Rs. 25,000 as dividend from these companies are also liable to pay income-tax and super-tax. I do not understand why the names of the shareholders who have earned more than Rs. 25,000 as dividend from these companies have not been called. I am told that these companies say that their registered office is in Washington or in London. The Register of the shareholders is outside India.

**Mr. Deputy President :** This will be more pertinent to the third Bill which has not come yet.

**Mr. P. B. Gole :** I am not talking of the Income-tax Act here.

**Mr. Deputy President :** The reference made by the Honourable Member is all right. But the point which he is stretching at great length is a matter which is really relevant to the other Bill which the Select Committee is considering. This matter, that some companies have escaped and have not paid the tax, will come up then.

**Mr. P. B. Gole :** I bow to your decision. I would not dilate on this point further. While discussing this question, I have referred to this point which might be borne in mind. If the case arises again, I will refer to this question in detail.

I would only touch on one further point in this connection and finish my observations with regard to this Bill. In the beginning I stated that this is going to dwindle unnecessarily the income of the ordinary man. Apart from the income, what has happened is that the value of the income and the capital has gone down. Here is a man who has purchased shares in the share market, as an investment and a source of income for his family, especially, children, widows, orphans and helpless people. They suddenly find themselves one fine morning, when they read the speech of the Finance Member, very poor. Not only is their income dwindling but even the value of the shares and of the capital has gone down considerably. I have come to know of instances where the people who want to dispose of their shares and get whatever money they can now find that they cannot sell their shares, because the share market remains closed and they find themselves in a very

[Mr. P. B. Gole]

tight corner. I have nothing to say with regard to the intention of the Honourable the Finance Member with regard to touching the pockets of those who are able to pay but in doing so he must also consider the middle class who have been hit very hard. My experience is whatever tax the industrialist has to pay he does not pay out of his pocket. Indirectly he makes the consumer and the man who holds the shares pay. That is the experience even as regards the E.P.T. Therefore I would request the Honourable the Finance Member to see that the source of income of the middle class is not affected by this Bill. With these words I support this Bill.

**Mr. Vadilal Lallubhai** (Ahmedabad Millowners' Association; Indian Commerce): Whether the Finance Member takes 12 crores or 20 crores out of this Bill makes no difference to me. It is the cumulative effect of these taxes, as I say, that is going to be ruinous to the industrialisation of the country. Sir, this is the time when many important countries are reducing their taxations enormously while we are increasing our taxations enormously, at a time when there was a spurt of Industrialisation. Industrialisation would have raised us considerably but it is the misfortune of this country that such burdens are piled upon industry that we will see the bad results of this taxation within the next 12 months. At this time next year we will be able to reconsider the situation and find out whether we have gone up or gone down. I can tell you the instance of a big rayon factory which was proposed to be started. They have now decided to stop all further progress and they have decided to return the money. The factory was to cost about 5 crores of rupees. I know some friends who have gone to America to buy machinery for plastics and they write to me that they are returning without placing orders. These are not individual instances but they will multiply in the very near future. I will just read out a *Reuter's* message dated the 28th March. This is what it says :

"A Bill to cut incometax this year by almost 4,600,000,000 dollars supported by the Republican Party was passed yesterday by the House of Representatives.

It will now go to the Senate where it will probably be revised. If the Senate and President Truman approve of the Bill the measure will be retroactive to January 1, this year.

It would cut taxes of 25,000,000 lower income persons by 30 per cent and give 20 per cent reduction to most of the rest of America's 46,000,000 tax-payers."

The same is the situation in Australia and this is what they have done. This is what they say :

"Federal Cabinet has agreed to tax cuts for the next financial year beginning on July the first that are estimated to amount to more than 41 million pounds on the present basis of taxation. Reductions on all personal incomes will be on a sliding scale.....The reductions now contemplated follow substantial cuts already introduced. Since the end of the war, there have been remissions of 61 million pounds, comprising 37 millions on personal incometax, 20 millions on sales tax, and a further 4 millions on customs and sales tax."

This is about Australia where taxation is considered heavy. They have reduced 37 millions on personal income-tax and they are reducing further.

I am saying this not only as an industrialist but as a nationalist who has suffered so much during the last 25 years in the cause of the country. If the industrialists are robbed, as a nationalist I would not mind but I feel that the country is robbed of its industrialisation and that is why I reiterate my position again and again on every Bill of this kind, so that the House may remember as to what we are going to be about during the next few years. I feel that industrialisation is being retarded heavily. I would

have preferred the euthanasia of Mr. Gadgil. This *halal* and *jhutka* method to which Mr. Gadgil referred is going to be ruinous to all, rich and poor alike. My Honourable friend the Finance Member says he will get 12 crores. I do not know. My calculations are probably 18 crores but it is not a question of 12 or 20 crores.

Regarding the definition of capital as envisaged in the report of the Select Committee, I think it is unscientific and if the Finance Member feels that it is unscientific, I ask that even at this late hour he should do justice to the industry, justice to science and justice to calculation. Is there any country in the world which does not borrow. I will give you the example of the great Henry Kaiser of the U.S.A. who built warships in three days. He borrowed millions from the Government, millions from the country and millions from the banks. Sir, there is no business in the world that can go on without borrowing. About the basis of allowing borrowing enough has already been said. In my last speech on the Finance Bill, I suggested a way out. In my amendment which I have given notice of I have suggested a way out. If I am correct in what I say, then all the abuses will be put down if you remove the cash in hand or in the banks from the clause of the Bill. If you make the capital employed include also the borrowings, justice will be done. Otherwise what will happen is that a man like Sir Cowasjee Jehangir may succeed in issuing new capital because he has a capital behind him, but what about the man who does the business by borrowings and whose brain is as good as the brain of anybody in the country? If he goes out for getting the capital, he cannot get it. Banks would lend and others also would lend, but one would not get a permanent capital. Do you want to help that man with brains or somebody else who has got capital but no brains? That is what the Bill does, and that is why I say the Finance Member must do justice to the people. There are people with brains who want to do big business. Does he want those people with brains, with talents, with science and with economics to suffer? That is why I am trying to show to the Finance Member that there is some defect in the wording of this clause. If he can remove that defect by accepting my suggestion, I think he will do good to the country.

**The Honourable Mr. Liaquat Ali Khan :** How will they suffer ?

**Mr. Vadilal Lallubhai :** Because you are excluding the borrowing from the 6 per cent. that is allowed. One who has got a subscribed capital of one crore will get 6 per cent. and one with a capital of, say, 25 lakhs, only and one who borrows 75 lakhs will get only 4 per cent. if he borrows it at 4 per cent. He is taking risks because in the borrowing there are greater risks than in the subscribed capital, where there is very little risk because he is not bound to pay to the shareholders. But if he borrows, he is bound to pay interest to one who lends. So, you should not make a man suffer if he has brains enough to start new industries. If you are convinced about it and I hope you ought to be convinced.....

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

**Mr. Vadilal Lallubhai :** If you are not convinced, I am sorry, but any financier and any economist ought to be convinced. If you are not prepared to be convinced, I am sorry and I cannot help you. But all that I am saying is absolutely correct. After all, Bill has to be passed and if we make this little change, it will help matters.

About the other things, I do not want to take the time of the House because I have said enough in the past. I would again like to warn the House



[Mr. Vadilal Lallubhai]

that we are going to have difficult times about the industrialisation of this country and what we are going to do today is going to make us suffer, and that too heavily.

**Sri M. Ananthasayanam Ayyangar :** Sir, I do not believe in industrialisation of this country by these industrialists. I believe that the salvation of this country depends upon the Government which must be a socialist Government. That alone can industrialise this country. Under some pretext the rich do not want to pay and the poor cannot pay. Then, from whom is this money to be got? As regards the industries themselves, let us see how far these industrialists have improved them in this country. In the Income-tax Act year before last a clause was introduced to make provision for researches. How many of these industrialists have started research laboratories for their own purposes? Our industrialists, I am afraid, are more like *Banias*; anxious to make cheap money; they do not start new industries.

**Mr. Vadilal Lallubhai :** We gave last year 75 lakhs of rupees for research work.

**Sri M. Ananthasayanam Ayyangar :** They do not push the industry. They have not started industries from one end of the country to the other. Take the case of Henry Ford of America. He started as an ordinary man; he went on applying his mind and had number of engineers. Ultimately, he became one of the multi-millionaires of America. Our people only get these profits from the poor men and make themselves rich. Therefore, I do not believe in leaving it to these people to improve the industry of the country. The Government alone must do it. I can certainly support the Government in drawing upon the resources of the rich but the Government has not got a plan of industrialisation from end to end. This morning the Honourable the Finance Member in his reply mentioned the plan that he has, but he has not really got a plan. No doubt, he has a department through which some applications for capital issues go through, but has he not got a cut-and-dried plan by means of which he can organise industries to make all the commodities in this country? He has not got such a plan. At all events, it has not been placed before us. My suggestion to him, therefore, is to keep the money raised by this taxation as a fund and not fritter it away. We know that we had a number of revenue reserve funds. Sir James Grigg, when he was the Finance Member, created a revenue reserve fund in anticipation of the fall in revenue. I would say that an industries fund ought to be created from this money. All the money that he has got should be accumulated and when there is need and we are afraid of the depression which may come, then we can spend money from this fund and start industries. I do not approve of the number of schemes for which the Honourable the Finance Member very graciously and munificently has donated 111 odd crores. It would have been very much better if he had withdrawn the money from the circulation in the country and thus decreased the inflation. You once again throw money into the market and create all sorts of difficulties. It may be a novel suggestion, but let him withdraw the money and see its effect. The road development and other things can wait. A number of industries can be started only when we come upon depression. There is no urgency now. In the budget the Finance Member has made provision for a number of works and has offered subventions and subsidies to various

provincial Governments for starting various schemes. They are not all industrial schemes and they are not all for the purpose of producing and increasing the wealth in this country. I am not in sympathy with my Honourable friend Sir Cowasjee Jehangir who thinks that if one more pie is taken away from him, he would be ruined. Certainly not. He is like an elephant and if he sits down he will not become like an ant or a cat; he will still remain of the size of a horse. Therefore, he has to come down from the seventh storey to the first storey. He has to find some money. I could urge upon the Honourable Member to draw as much as possible from these gentlemen. During the war, they did not serve the country properly. The E.P.T. was no doubt there, but the previous Finance Member, out of generosity removed that tax and have the industrialists served the consumers in any way since then? No. They did not reduce the cost of consumer goods. Did they? improve labour conditions? Did they give better wages to labourers?

**The Honourable Mr. Liaquat Ali Khan :** Did they increase production?

**Sri M. Ananthasayanam Ayyangar :** The answer to all is, no. Did they introduce new industries? No. They have brought about ruin to the country.

**Mr. Vadilal Lallubhai :** Were there not new floatations of companies?

**Sri M. Ananthasayanam Ayyangar :** All in the air. Not one of them has come down to the earth. What is the scheme before the country? Our friends the industrialists appeal to our sense of patriotism. They profess to be the only saviours of the country, they say they are going to industrialise the country otherwise we cannot stand comparison with other countries. I am all for industrialisation. But they have not done anything in that direction. Unfortunately the Government also is halting.

**Mr. Vadilal Lallubhai :** Why do you say the floatation is in the air? Two were started.

**Sri M. Ananthasayanam Ayyangar :** I know the facts. The failure of some banks was referred to. Under the E.P.T. banks were also liable, only the insurance company profits were not liable under E.P.T. Why should there be so much difficulty felt by banks under the B.P.T.? Under E.P.T. Act, 8 per cent or 10 per cent was being allowed as a deduction for dividends. Eight per cent has been reduced to five per cent in this Bill. My friends said there has been run on A.B.C. Banks. By the way they are not congress banks. There is no congress or non-congress among banks. When securities fall no doubt there is scare and there is run on banks. Securities do fall in value if the rate of dividend is lowered and it is exactly because industrial concerns have also been brought within the purview of the Business Profits Tax it comes to this that this bill should not be applied to banks and even industrial concerns. Then what is left in the Bill? In the beginning people may not understand the scope of the Bill and there may be a scare. Really there may be other reasons for the run on the banks, as banks only suffer along with other concerns under this Bill. They lerroneously blame the Finance Member for the mishap. I have closely watched the arguments of my friends about the failure of banks or about the fall of securities. The Honourable Member need not have created a flutter in the dovecot by saying that some other Finance Member might renew this tax next year. Let him say here and now what his intentions are. That will remove all doubts. I come from a constituency covering five districts. There is eternal famine there. I appealed to the Member for Industries and Supplies to start some spinning mills there. We grow cotton there. But the Industries Member left it to the provincial

[Sri M. Ananthasayanam Ayyangar]

governments to start mills. I would ask the Finance Member to give us some money out of B.P.T. so that the provincial governments may start some spinning mills in my part of the country. Therefore I say let all the money realised from this tax be funded, let it not be frittered away on useless schemes started by provincial governments.

**Sir Cowasjee Jehangir :** What about deficit ?

**Sri M. Ananthasayanam Ayyangar :** The deficit has arisen because he gives 111 crores to provinces for various schemes. Those schemes may wait.

**The Honourable Mr. Liaquat Ali Khan :** Most of this contribution is out of capital accounts.

**Sri M. Ananthasayanam Ayyangar :** It is not true that the after effects of the war are over. Did you have not deficits during war years? Still we are in the process of adjusting. There is a Resolution for effecting retrenchment coming up before the assembly. The Honourable Finance Member might find various ways and means to effect economy in expenditure. He can also collect the 52 crores which are arrears of income-tax. There is no objection to borrow. Sir Cowasjee Jehangir will pay both for myself and for him-also. He must pay for the entire country because he thrives on the profits of the poor. The Finance Member is not expected to draw money from his pocket. I am glad the compromise has been arrived at and there was no necessity for me to come here by air to take part in the division lobby. He need not think that he will get only 12 crores from this tax. He is sure to get more. This is only on trial for one year. If still there is deficit we can make it up next time. After all the industrialists like Sir Cowasjee Jehangir are not going to run away from this country, we can still catch hold of them with both hands. All credit to the Finance Member for having arrived at this compromise.

Some of the features of the Bill are good. The E.P.T. exempted individual earnings by their personal skill but the B.P.T. did not. A leading lawyer of Madras complained that under B.P.T. he will get only half anna back in the rupee of his earnings. Out of Rs. 1,75,000. of his income he will get one lakh and odd back after payment of the Tax. I am sure that lawyer need not have been so sorry for being deprived of some of his *vakalats*. Let some juniors also thrive. To this extent the Finance Member has done some service. He has tried to distribute the work amongst various people. I need not shed tears for those gentlemen who earn more than one lakh. I do not know how the industry will suffer. There is a lot of clamour. I feel there is much more clamour than is really necessary. If the Assistants behind the Finance Member had been Indians, I would have taken their version without question. Not that I dislike Sir Cyril Jones the author of this Bill but I have greater confidence in my own countrymen. If the finances of my country are handled by Indians throughout and if the Finance officers invited Sir Cowasjee Jehangir and Mr. Vadilal Lallubhai and convinced them how the industry would not suffer on account of this tax, and if still they were unreasonable, I would have told the Finance Member to get along with this proposal without caring for their criticisms. I hope the Finance Member will still reconsider the appointment of an Englishman over an Indian in his department. He cannot brush aside our objections as coming from imagination.

**Mr. Deputy President :** As it is now Five of the Clock, the House will adjourn and the Honourable Member may continue his speech tomorrow

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 1st April 1947.