

28th February 1946

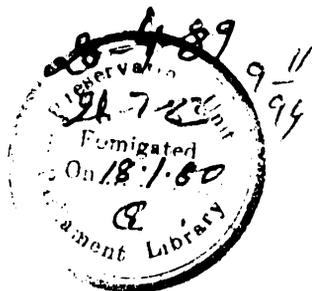
THE LEGISLATIVE ASSEMBLY DEBATES

Official Report

Volume III, 1946

(28th February to 14th March, 1946)

FIRST SESSION
OF THE
SIXTH LEGISLATIVE ASSEMBLY,
1946



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LEGISLATIVE ASSEMBLY

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LEGISLATIVE ASSEMBLY

Thursday, 28th February, 1946

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

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

ADVANCE COLLECTIONS OF COOLY CHARGES FROM HAJ PILGRIMS

585. *Mr. Ahmed E. H. Jaffer: (a) Will the Secretary, Commonwealth Relations Department please state if it is a fact that cooly charges at annas eight *per* head were collected in advance from the Haj pilgrims embarking from the port of Karachi by a cooly contractor at the Haj pilgrim Camp?

(b) Are Government aware that the Haj Inquiry Committee, 1929, recommended that such collections should not be made, because in spite of these advance payments, pilgrims invariably have to pay again to the coolies for removing their luggage from the wharf to the ship and thus advance collections, which comes to thousands of rupees every year, are a loss to the pilgrims?

(c) Are Government aware that the Bombay Port Haj Committee has also repeatedly requested Government to stop these advance collections?

(d) What are the reasons on account of which Government have so far not taken any step to avoid this double payment from the pilgrims resulting in loss of thousands of rupees to the pilgrims?

Mr. E. N. Banerjee: (a) Yes.

(c) No such request was ever made by the Port Haj Committee, Bombay.

(b) and (d). The Hajj Inquiry Committee, 1929, did recommend that such collections should not be made but it is not a fact that in spite of these advance payments, pilgrims have invariably to make additional payments for removing their luggage from the wharf to the ship. What actually happens is that pilgrims make extra payments to coolies voluntarily and against the express advice of the authorities, in order to secure comfortable accommodation on board the ship. The recommendation of the Hajj Inquiry Committee was examined and on the advice of the Port Haj Committee, Karachi, and the Standing Committee on Pilgrimage to the Hejaz, it was decided not to take any action on it.

ADVANCE COLLECTION OF BOAT HIRE FROM HAJ PILGRIMS

586. *Mr. Ahmed E. H. Jaffer: Will the Secretary, Commonwealth Relations Department please state:

(a) whether it is a fact that boat hire of Rs. 3 *per* head, charged for conveyance of pilgrims from ship to shore and *vice versa* at Jeddah, is being collected from the Haj pilgrims in advance;

(b) whether it is a fact that these charges are not collected at the instance of the Saudi Government and that the arrangements for boats at Jeddah are made by His Majesty's Minister at Jeddah;

(c) whether his Department or the British Legation at Jeddah, are aware that in spite of this payment of Rs. 3 pilgrims have been compelled to pay exorbitant amounts again to the boatmen at Jeddah; and

(d) what steps have so far been taken to avoid this loss of huge amount to the pilgrims; and, if no steps have been taken so far, what Government propose to do in the future?

Mr. E. N. Banerjee: (a) Yes. But in 1945 the boat hire collected was Rs. 5-2-0 per pilgrim.

(b) No. They are collected at the instance of the Saudi Arabian Government.

(c) Cases have come to notice where pilgrims paid money to boatmen in order to obtain preferential treatment such as alighting from the ship earlier than others.

(d) Cases of extortion have been reported to the Saudi Arabian Government for necessary action against the offenders. The Indian Vice-Consul and his staff board every ship at Jeddah before pilgrims disembark. They give clear instructions to pilgrims not to make any payment to the boatmen and to report to the Indian Vice-Consul cases of extortion. In spite of such advice payment is often made by pilgrims for securing preferential treatment.

• LACK OF HAJ SAILINGS FACILITIES FROM BOMBAY DURING 1945-46

587. *Mr. Ahmed E. H. Jaffer: Will the Secretary, Commonwealth Relations Department please state:

(a) the reasons which compelled the Government of India not to arrange any pilgrim sailings from the port of Bombay during the 1945-46 Haj season;

(b) whether the Government of India received representations from the Bombay Port Haj Committee and other public institutions in this connection;

(c) whether the Standing Haj Committee was consulted on this subject, and, if so, did they agree with the decision of the Government of India in not arranging any sailings from Bombay;

(d) whether it is a fact that the Government of Bombay objected to allow pilgrim sailings from Bombay on grounds of scarcity of food and accommodation for pilgrims;

(e) is it a fact that the Government of India were prepared to supply the necessary food to the Bombay Government;

(f) if it is a fact that there are two large *musafir khanas* in Bombay, specially built for the Haj pilgrims and which can accommodate about 8,000 pilgrims at a time; and

(g) if it is a fact that the authorities have rented these *musafir khanas* to Government servants and those who suffered in the Bombay explosions of April 1944?

Mr. E. N. Banerjee: (a) The main reason was lack of accommodation for pilgrims at Bombay.

(b) Yes.

(c) The programme of sailings was fully discussed at a meeting of the Committee on the 4th August. The Committee was aware that Karachi would be the only port for sailing.

(d), (e), (f) and (g). Yes.

Mr. Ahmed E. H. Jaffer: Will the Government of India consider the question of having some sailings from Bombay, in view of the fact that great inconvenience is caused to passengers from South India?

Mr. E. N. Banerjee: The question is being considered seriously.

AGENTS TO GOVERNMENT OF INDIA IN OTHER COUNTRIES

588. *Mr. Ahmed E. H. Jaffer: Will the Secretary, Commonwealth Relations Department be pleased to state:

(a) how many Agents to the Government of India have been appointed during the last ten years in the Dominions of the British Commonwealth and in other countries;

(b) how all these Agents were selected by Government;

- (c) how many of these Agents have been selected from the Hindu community and how many from the Muslim community;
- (d) how many Agents were selected by the Honourable Member himself during his period of office;
- (e) whether these appointments were made after consultation with his colleagues in the Executive Council; and
- (f) whether Government have received from time to time during the last five years any complaints from the Muslim bodies in India that the vast majority of those selected have been Hindus?

Mr. R. N. Banerjee: (a) Twenty-one. Of these three were in foreign countries which are the concern of the External Affairs Department.

(b) The question is not quite clear. The person who was considered most suitable on each occasion was selected.

(c) 15 from the Hindu community and 8 from the Muslim community.

(d) Seven.

(e) I am unable to disclose information relating to the proceedings of the Executive Council.

(f) A copy of a press cutting complaining about the appointment of a non-Muslim representative of the Government of India in Burma was received from a few Muslim refugees from Burma.

Mr. Ahmed E. H. Jaffer: With reference to part (b), may I ask whether in view of the fact that proper Muslims were not appointed, did the Muslim Members of the Executive Council protest to the Honourable Member-in-charge when he did not make appointments of Muslims for these appointments?

Mr. R. N. Banerjee: I can give no other reply to that question.

Mr. Ahmed E. H. Jaffer: The Honourable Member said the question was not clear, but my question is perfectly clear. I ask how these appointments were made and whether the Honourable Member's colleagues in the Executive Council were consulted?

Mr. R. N. Banerjee: The appointments were made by the Governor General in Council.

Mr. Ahmed E. H. Jaffer: I want to know when these appointments were made by the Governor General in Council, did the Muslim Members of the Executive Council protest to the Honourable Member-in-charge of this Department why he did not appoint Muslims to these posts. It is quite clear that the Honourable Member in charge of this Department, Dr. Khare appointed his personal friends and did not the Muslim Members of the Executive Council protest at any stage against these appointments?

Mr. R. N. Banerjee: I said that appointments were made by the Governor General in Council and I am not prepared to give out any further details about the procedure by which the administrative decisions of the Government are taken.

Mr. Ahmed E. H. Jaffer: These appointments are not governed by the Secrecy Act and the House is entitled to know

Mr. President: Order, order, the Honourable Member must put his question. He is arguing.

Dr. Sir Zia Uddin Ahmad: May I know whether the Governor General in Council in fact means the Deputy Secretary or the Secretary?

Sri M. Ananthasayanam Ayyangar: What is the percentage of Muslims among the Indian population in Burma?

Mr. R. N. Banerjee: I have no definite information.

Shri Sri Prakasa: Will the Government consider the desirability of abolishing these posts in order to obviate all such questions?

Dr. Sir Zia Uddin Ahmad: And thus save the taxpayers' money.

SMUGGLING OF CERTAIN ARTICLES TO MID EASTERN COUNTRIES

589. *Mr. Manu Subedar: (a) What information, if any has the Honourable the Commerce Member got of the prevailing prices of cloth, sugar, gold and butter in the Middle East countries, particularly in Cairo, Basrah, Baghdad and Teheran?

(b) What steps are Government taking to safeguard India's limited supplies in these articles and to prevent unauthorised exports through systematic smuggling?

(c) Have any officers connected with export licensing or smuggling detection been dismissed or degraded for their complicity in any cases detected by Government?

The Honourable Dr. Sir M. Azizul Huque: (a) Government understand that the prevailing prices of cloth, sugar, gold and butter in the Middle East countries are higher than those in India. They have no other information on the subject.

(b) (i) The current half-year's export quota of cloth represents a small proportion of the country's total production and in fixing it, domestic requirements have been fully taken into account. The export of sugar is prohibited, except for a small quota to Iran and the Persian Gulf Sheikhdoms. The export of butter is also prohibited, except for small quantities included in gift parcels. There is a total prohibition on the export of gold.

(ii) For the purpose of preventing un-authorised exports the utmost vigilance is exercised by Customs and other officials at all likely points of exit, and offences, when discovered, are dealt with drastically.

(c) Yes, two officers of the Preventive Service employed at Karachi Customs House have been dismissed and one officer employed at the Land Customs office at Thal has been suspended.

Mr. Manu Subedar: Will the Honourable Member state why considerable quantities running into several hundreds and thousands of bales are still being exported as the *Times of India's* list of India exports every week would indicate?

The Honourable Dr. Sir M. Azizul Huque: So far as I said, I have stated the correct position. But if my Honourable friend places before me any other facts, I will have them looked into, but my reply is what I have stated.

Mr. Manu Subedar: Is the Honourable Member aware, and will he make inquiries if I inform him, that illicit export is taking place from Portuguese ports on the western coast and also from various Indian States ports, whose statistics are not included in the Government of India figures of the total export permitted in the case of cloth?

The Honourable Dr. Sir M. Azizul Huque: We have been constantly inquiring into this question. As far as I am aware, these figures are included in the all-India figures; but I will certainly have this again looked into to see if there is a recrudescence of the trouble that we had some time back.

Mr. Manu Subedar: If prices are differential—and there is therefore presumably considerable profit—may I know why the Government of India first permit export, and if the export is at all permitted why the profit is not kept by Government for themselves instead of allowing it to go into private pockets?

The Honourable Dr. Sir M. Azizul Huque: Because Government have not entered into the market yet.

Mr. Ahmed E. H. Jaffer: How long will these controls continue?

The Honourable Dr. Sir M. Azizul Huque: So far as my Department is concerned, as long as they are necessary.

LICENCES FOR VEGETABLE GHEE PLANTS

590. *Mr. Manu Subedar: (a) Will the Food Secretary please state how many vegetable ghee plants existed in India before the war?

(b) How many new vegetable ghee plants were constructed during the war?

(c) How many new vegetable ghee plants were licensed and to which parties were licences given since the year 1940?

(d) How many vegetable ghee plants will there be in each Province in India according to the total number of licences already given?

(e) Have Government received any representation or complaint that these licences have been given arbitrarily and that people, who asked for these licences, have been denied and others have been given licences?

(f) On what basis have Government fixed the eligibility for these licences, and on what basis was preference given?

Mr. B. R. Sen: (a) Ten.

(b) Eleven.

(c) and (d) 31 licences have been issued. A statement giving the names of the parties and the distribution of vegetable ghee factories is placed on the table of the House.

(e) Yes. Such representations were inevitable in the selection of 20 firms from about 350 applicants.

(f) Prior to 1944 licences for import of vanaspati plants were given to the firms which applied for them. After that date a plan for immediate expansion of the industry and regional distribution of new units was formulated under which eligibility was determined primarily by the proposed location of new factories. Where the number of applicants exceeded the number of factories approved for a particular area, the selection of the firms was made in consultation with the Provincial and State Administrations, keeping in view the experience and the ability of the firms to erect the factories with the minimum of delay.

The eligibility in respect of eight licences was determined by the conditions laid down in the press Note issued by the Commerce Department on 23rd December 1944, providing for registration of capital goods the order for which had been accepted by the suppliers before that date.

List of new vanaspati factories licensed for import of plant and machinery or essential equipment

- (1) M/s. Hyderabad Vegetable Oil Products, Hyderabad, Deccan.
- (2) M/s. Davengere Vanaspati & Vegetable Oil Co., Ltd., Davengere (Mysore State).
- (3) M/s. Delhi Cloth & General Mills, Delhi.
- (4) M/s. Bengal Industries, Ltd., Calcutta.
- (5) M/s. Kusum Products, Ltd., Calcutta.
- (6) M/s. Hindustan Development Corp. Calcutta.
- (7) M/s. Swaika Oil Mills, Calcutta.
- (8) M/s. United Vegetable Manufacturers, Calcutta.
- (9) M/s. Sudha Industries, Phulgon (C. P. & Berar).
- (10) M/s. Bharat Vegetable Products, Berhampur.
- (11) M/s. Bihar Industries, Ltd., Dinapore.
- (12) M/s. Western India Vegetable Products, Amalner.
- (13) M/s. Vegetols, Ltd., Chittoor.
- (14) M/s. Suderson Oil Mills, Katpadi.
- (15) M/s. Karnatak Vegetable Oils & Refineries, Hospet.
- (16) M/s. East Asiatic Co., Ltd., Madras.
- (17) M/s. Bharat Vanaspati, Ltd., Guntur.
- (18) M/s. Madras Vanaspati, Ltd., Villupuram.
- (19) M/s. Vizagapatam Vegetable Oil Products, Bobbili,
- (20) Government Kerala Soap Institute, Calicut.
- (21) Hon'ble Mr. M. N. Dalal, Palanpur.
- (22) M/s. Abdul Hussain Noormohd., Bhavnagar.
- (23) Hyderabad State Government, Hyderabad (Deccan).
- (24) M/s. Oudh Sugar Mills, (Hargoan), Malkapur (Berar).
- (25) M/s. Cotton Agents, (Bombay), Tadepalli (Madras).
- (26) M/s. Seshasayee Brothers, (Trichinopoly), Madras.
- (27) M/s. Snow White Food Products, Calcutta.
- (28) M/s. Morvi Vegetable Products, Ltd., Morvi.
- (29) M/s. Malwa Vanaspati & Chemicals, Indore.
- (30) M/s. Ravindra Mulraj Kersondas, (Bombay), Nawanager.
- (31) M/s. Mohd. Alla Bux, (Lyallpur), Amritsar, (Punjab).

Province	Number of factories	Serial No. in above list
Bombay	1	12
Bengal	6	4 to 8 & 27
Madras	10	13 to 20 and 25 and 26
C. P. and Berar	2	9 and 24.
Orissa	1	10
Bihar	1	11
Punjab	1	21
Delhi	1	3
Total for British India	23	
Indian States	8	1, 2, 21 to 23, and 28 to 30

Mr. Manu Subedar: Is it a fact that Government never issued a press note indicating the exact conditions under which these licenses would be issued and that they permitted all sorts of applications to accumulate and dealt with them piece-meal when they were all accumulated at the same time?

Mr. B. R. Sen: The reply to this question can only be given by the Commerce Department which issued the press note.

Prof. N. G. Ranga: Were any steps taken to see that local enterprise of any particular province was given first priority before outsiders were encouraged to take up these undertakings?

Mr. B. R. Sen: Yes, Sir.

Prof. N. G. Ranga: Is it a fact that certain provincial Governments have complained that their local enterprise was not given the first priority and outsiders were preferred?

Mr. B. R. Sen: We received some communications from the province to which the Honourable Member belongs and we accepted the recommendations of that provincial Government in full.

Mr. Manu Subedar: In view of the food difficulty this year in the country will the Honourable Member consider whether the pressing of these oil seeds which are also edible as human food should not be peremptorily stopped instead of being turned into oil and cake?

Mr. B. R. Sen: The Honourable Member has addressed us a letter on that subject and we are examining the whole question.

Prof. N. G. Ranga: Are any steps being taken to see that the provincial Governments get a major portion of the shares floated by the companies which are to undertake these concerns?

Mr. B. R. Sen: These firms have been selected on certain principles and I shall explain the principles in reply to the next question of Mr. Manu Subedar.

Sri V. Gangaraju: It was said that certain provinces have complained with regard to priority not being given to them. May I know from which provinces these complaints were received?

Mr. B. R. Sen: I shall require notice of that question.

Mr. Ahmed E. H. Jaffer: Is it a fact that the province of Bombay has not been allotted sufficient vegetable ghee plants? Is there any possibility of any more being given?

Mr. B. R. Sen: We have issued certain licenses under our immediate scheme. In that scheme we wanted factories to be put up for a capacity of about 150,000 tons; after these factories are put up there will be scope for further expansion if the country needs it.

Mr. Manu Subedar: Have Government heard that the number of license now issued are in excess of India's requirements?

Mr. B. R. Sen: That is not our view.

LICENCES FOR VEGETABLE GHEE PLANTS

591. ***Mr. Manu Subedar:** (a) In how many cases has the Food Secretary taken an undertaking that the machinery for vegetable ghee plants will be ordered from the United Kingdom?

(b) How many of the new licences for vegetable ghee plants have placed orders for their plants and been given import licences, and from which countries?

(c) Is it a fact that the Honourable Food Member visited several Indian States and negotiated for the grant of these licences for vegetable ghee factories to be set up in those States on application which he had received?

(d) On what principle has the allocation been made as between the British India and Indian States, and as between the South India and Western India, or as between Province and Province?

Mr. B. R. Sen: (a) No undertaking has been taken from any party that vegetable ghee plants will be ordered from the United Kingdom.

(b) Of the 28 parties selected for setting up factories 20 have been issued licenses for import of plant from U. K. and one for import from U. S. A. In addition to these, five licenses for U. K. and 3 for U. S. A. have been issued on the application of the parties themselves under the Commerce Department's 'automatic registration scheme' for import of capital goods.

(c) The answer is in the negative.

(d) In allocating plants under the 'immediate scheme' of expansion many factors have been taken into account, particularly the availability of ground-nuts the accessibility of markets, and the prevailing deficiency of edible fats in different areas. The allocation between British India and Indian States was arrived at in consultation with the Political Department.

Mr. Manu Subedar: Have Government considered the question of having some of these orders for the manufacture of vegetable ghee plant placed with firms who have actually produced complete plants for this purpose in this country?

Mr. B. R. Sen: Yes, Sir, we have done that.

Mr. Manu Subedar: Then may I know why the bulk of the licensees have been allowed to place these orders in the United Kingdom instead of locally which would stave off unemployment which my Honourable friend Dr. Ambedkar is trying bravely to meet?

Mr. B. R. Sen: We made every attempt to help the industries in the country to produce the necessary plants and equipments. At the time when we sanctioned the licenses the manufacturers in indigenous plants were supplied with the names of the parties selected in order to enable them to complete such orders as they were capable of executing. The manufacturers were also informed that we would give them such controlled materials as may be required for completion of the plants. So if some of the orders have been placed outside it is not due to any lack of encouragement on our part to the local industry.

Mr. Manu Subedar: Will the Honourable Member take special steps even now, when it is not too late, to have some of these orders placed in India and some of these orders which have been placed abroad, and which cannot be delivered for three or four months, to be cancelled?

Mr. B. R. Sen: We are most anxious that orders should be placed in India as far as possible, and if anything more can be done by us we shall do so.

Prof. N. G. Ranga: With regard to part (c) I had already asked a supplementary question and my Honourable friend said he would be giving an

answer to that on this question. Will he be pleased to state on what principles the allocation of shares in any of these concerns floated in these provinces is being made as between the provincial Government, the general public—specially the growers—and the capitalists?

Mr. B. E. Sen: It depends very largely on the initiative of the provincial Governments themselves, and in certain provinces I think the provincial Governments have stipulated that some of the shares should be held by provincial Governments. But this is a matter in which, as I say, the initiative should be with the provincial Governments themselves. We have selected firms whom we considered to be most fitted in the circumstances that we had in view, namely, that these factories should be put up with the least possible delay. We selected firms with experience, but as regards shares that is a matter purely for the provincial Governments.

Mr. Manu Subedar: May I know whether Government have reached final principles on which the allocation of new plants as between Indian States and British India is to be made? If not, on what principles was that determined in this case, particularly as my Honourable friend has refused to reply to part (c)?

Mr. B. E. Sen: The distribution of the capacity as between the States and British India was discussed in the Political Department who consulted the Chamber of Princes on the subject and also some of the bigger Native States. The allocation shows 50,000 tons for the States and 100,000 tons for British India; and I think that is a very fair allocation to both sides.

Prof. N. G. Ranga: But is it not a fact that Madras Government has stipulated that 60 per cent. of the shares issued should be reserved for the growers of oilseeds, and what is it that has prevented the Government of India to see that the same practice is pursued by other Provincial Governments?

Mr. B. E. Sen: In this case we are concerned with an immediate scheme and where the Provincial Government made such stipulations we accepted them. We wanted to go ahead with our scheme; we wanted to put up factories as quickly as possible; we did not want to waste time.

Prof. N. G. Ranga: How does it happen that while the Government of India in their Planning Department stated that in all these post-war schemes, that are being taken up, the majority of shares will be taken up by the States—that is Provincial Governments or the Central Government—and they will have a major voice in the direction as well as the control of capital of these concerns, that the Government acting in the Food Department does not take that into consideration and does not bring this to the notice of the Provincial Governments?

Mr. B. E. Sen: It was not a post-war scheme; this scheme was started during the war and for immediate action.

Shri Sri Prakasa: Have the Government assured themselves of the food value of the vegetable ghee before embarking on the programme of encouraging its manufacture?

Mr. B. E. Sen: Yes, Sir.

Shri Sri Prakasa: Has it more food value than oil?

Mr. B. E. Sen: It has enough food value. As there is shortage of edible oils in the country, we thought that the only way to make up for this shortage was to go in for vegetable ghee.

Mr. Manu Subedar: Has Government considered a complaint which I have noticed from Gujarat that cotton seed which was normally the cattle food in that part of the country is now being got hold of by these vegetable ghee factories and that fodder prices having gone up the position of cattle food is being made more difficult?

Mr. B. E. Sen: I have not seen that complaint, but it is a fact that cotton seed is also one of the things that could be used for the manufacture of vegetable ghee.

Seth Govind Das: To prevent adulteration of pure ghee will the Government think it advisable to give some colour to this vegetable ghee?

Mr. B. E. Sen: This question has been investigated by experts and it has been found that it will not do to give it a colour.

Seth Govind Das: Will the Government take some steps in consultation with experts so that on account of this vegetable ghee there may not be any adulteration of pure ghee?

Mr. B. E. Sen: The whole matter has been investigated by our experts and we do not think it either desirable or practicable to add colour to the vegetable ghee.

An Honourable Member: Desirable?

Seth Govind Das: Is there no such method which the Government can follow to stop the adulteration of pure ghee? Surely the experts must know some method.

Mr. B. E. Sen: That is a matter of administration; to take steps to prevent adulteration as far as possible is a matter of administration.

Dr. Sir Zia Uddin Ahmad: Is it not a fact that their experts were persons who themselves were interested in this artificial ghee so that they wanted to keep the public ignorant about the kind of ghee whether it is real or artificial?

Mr. President: Next question.

Dr. Sir Zia Uddin Ahmad: I want a reply to my question.

Mr. President: Order, order. Next question. There was no reply to that question.

LIST OF TITLES AND HONOURS

592. *Shri Sri Prakasa: Will the Honourable the Leader of the House be pleased to state:

- (a) the date on which the last list of titles and honours was published; and
- (b) the number of persons who received each of these titles and honours?

The Honourable Sir Edward Benthall: (a) 1st January 1946.

- (b) A statement is laid on the table.

<i>Statement</i>	
Royal Victorian Chain	1
G.C.B.	1
G.C.S.I.	2
K.C.S.I.	3
C.S.I.	17
G.C.I.E.	7
K.C.I.E.	13
C.I.E.	8
G.C.V.O.	1
G.B.E.	1
K.B.E.	1
C.B.E.	10
O.B.E.	91
M.B.E.	130
British Empire Medal	38
Knighthood	29
Imperial Service Medal	12
Kaisar-i-Hind Gold Medal	6
Kaisar-i-Hind Silver Medal	45
Bar to Kaisar-i-Hind Silver Medal	4

Kaisar-i-Hind Bronze Medal	100
Raja Bahadur (Personal)	2
Nawab (Personal)	1
Raja (Hereditary)	1
Raja (Personal)	1
Shams-ul-Ulma	2
Maharajahopadhyaya	1
Dewan Bahadur	16
Sardar Bahadur	8
Khan Bahadur	85
Rai Bahadur	97
Rao Bahadur	60
Vaidyaratna	1
Sardar Sahib	29
Khan Sahib	174
Rai Sahib	199
Rao Sahib	129
King's Police and Fire Service Medal	3
Indian Police Medal	58
Order of British India	367

Shri Sri Prakasa: Is it a fact that this last list was the biggest one that was ever produced by this Government since its establishment?

The Honourable Sir Edward Benthall: I should require notice of that question. It is larger than the previous one.

Shri Sri Prakasa: Will the Honourable Member kindly give us an idea as to the proportion of officials and non-officials that have been honoured in this list?

The Honourable Sir Edward Benthall: The Honourable Member sounds disappointed, but, Sir, I require notice of that question.

Seth Govind Das: Is it not a fact that the popular Ministries wherever they exist are never consulted before these honours are conferred upon people?

Shri Sri Prakasa: Are the titles more popular than Ministries?

The Honourable Sir Edward Benthall: I have no information.

Mr. Ahmed E. H. Jaffer: Is the Honourable Member aware of the general feeling in the country—of refusing to accept titles,—and in view of this will the Honourable Member consider the desirability of abolishing these titles altogether?

The Honourable Sir Edward Benthall: I have not noticed the reluctance to which the Honourable Member refers.

Shri Sri Prakasa: Could the Honourable Member give us an idea of the purpose of awarding these titles and the reasons for which they are awarded? No notice is necessary to reply that question.

The Honourable Sir Edward Benthall: Sir, I require notice to give an adequate reply.

Seth Govind Das: Is it not a fact that certain persons on whom these titles are conferred feel some shyness in refusing them and they become more dishonourable than they become honourable in the society in this respect?

The Honourable Sir Edward Benthall: I have not noticed that.

Shri Sri Prakasa: Is it a fact that a District Magistrate in recommending Rai Bahadur-ship for a gentleman wrote to Government, "He is a very useful rogue, make him a Rai Bahadur"?

Mr. President: Order, order. Next question.

FOOD RATIONING

598. *Shri Sri Prakasa: Will the Food Secretary be pleased to state:

(a) how long he expects the rationing of food to continue in various Provinces; and

(b) the nature of experiments made by his Department for the preservation of food stuffs while in storage, and the amount of food stuffs destroyed while in custody of his Department in various Provinces and the Centrally Administered Areas?

Mr. B. R. Sen: (a) It is difficult to specify the period during which food rationing will be continued. Control over distribution cannot be relaxed so long as the present food shortage lasts and conditions do not return to normal.

(b) Experimental work has been in progress since March 1945 which consists mainly of experiments in the application of (i) DDT and 666 in white-wash to the walls of godowns to disinfect infected buildings, and (ii) DDT and 666 in the form of dust and smoke to kill the insects infecting foodgrains.

No foodgrains in the custody of this Department in various provinces have been destroyed. In the Centrally administered areas no losses have been reported except that in August, 1944, 1,169 bags of wheat atta in Delhi got deteriorated on account of defective storage.

Shri Sri Prakasa: May I know what exactly the Honourable Member meant when he referred to 'this Department'? Are not the Food Departments of the Provincial Government part of this Department?

Mr. B. R. Sen: No, Sir.

Shri Sri Prakasa: May I know what exactly is the relationship between the Food Department of the Provincial Government and the Food Department of the Central Government?

Mr. B. R. Sen: The relationship is laid down in the Constitution Act.

Shri D. P. Karmarkar: May I ask what is the policy of the Government with regard to rationing? Are they going to continue rationing for as long as possible, or will they do away with it as early as possible?

Mr. B. R. Sen: As long as it is necessary.

Prof. N. G. Ranga: Have Government considered the advisability of broadcasting whatever information they have—scientific or otherwise—to prevent the deterioration of foodgrains which are kept in storage?

Mr. B. R. Sen: That is one of the item we have in our programme.

Prof. N. G. Ranga: Has anything been done in that direction in order to make all those people who keep grain storage on their own responsibility know the latest steps devised and practised also by this Department in order to prevent deterioration?

Mr. B. R. Sen: Yes, Sir. That forms a very important part of our programme. We have had courses held in Delhi to train people from the Provinces; we have distributed literature on the subject; we have asked the Administration to undertake propaganda in this respect. We consider it a very important item in our programme, and we are taking all possible steps, and we propose to intensify our activities in this matter in the future.

Shri Sri Prakasa: May I take it that the experiments made, say, by the United Provinces Government in the matter of preservation of foodstuffs have nothing to do with any instructions issued by the Central Government on the subject?

Mr. B. R. Sen: Each province has its own discretion and judgment in the matter but we try to give them guidance, scientific and otherwise, as far as possible.

Sri M. Ananthasayanam Ayyangar: May I ask the Honourable Member if there are any provinces where there is no rationing of food?

Mr. B. E. Sen: I think in every province there is rationing, though the extent of rationing varies.

Sri M. Ananthasayanam Ayyangar: May I know if the rationing is to be abolished, and if so, will it be abolished simultaneously all over India or province by province in order?

Mr. B. E. Sen: That question does not arise at the present moment.

Sri M. Ananthasayanam Ayyangar: It arises on question (a) "How long he expects the rationing of food to continue in various Provinces". Is it to be abolished simultaneously?

Mr. B. E. Sen: That will depend on the circumstances prevailing at the time.

INDIAN CENTRAL TOBACCO COMMITTEE HEADQUARTERS

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

(a) why Bombay has been fixed as the headquarters for the Indian Central Tobacco Committee ignoring the claims of Guntur, in which district the largest quantity of commercial tobacco is being grown;

(b) whether Government are aware that great difficulty is being experienced in finding a suitable house in Bombay even on the rent of nearly Rs. 1,000 per mensem;

(c) whether Government are aware that one of the members of the Committee had offered to place a building in Guntur at the disposal of the committee; and

(d) why Government persist in spending lakhs of rupees in Bombay on costly housing?

Sir Pheroze Kharegat: (a) The Indian Central Tobacco Committee after a full discussion of the matter decided that Bombay would be the most suitable headquarters for the Committee because it would be more central and more readily accessible, suitable accommodation would be available for members attending meetings and it is the seat of commercial activity. Guntur was not considered suitable as it is difficult of access and it is difficult to secure accommodation. It is only one of the many places in India where large quantities of tobacco are grown. The suggestion to have the headquarters at Guntur was made by one member, but subsequently agreed not to press for Guntur. It is not correct that the largest quantity of tobacco is grown in the Guntur district, the total acreage in India is of the order of one million acres and that in Guntur is under 125,000 acres while the Rangpur district in Bengal has over 175,000 acres.

(b) Difficulty is being experienced in getting office accommodation in Bombay at present. Until accommodation is selected it is not possible to say whether the rent would be Rs. 1,000 or more or less.

(c) No such offer was made. One member stated that the Andhra University was vacating Guntur and the buildings vacated by them could be had for the Committee; enquiries from the Madras Government, have however, shown that these buildings cannot be made available to the Committee. The same member also stated that decent hotels were being planned but meanwhile he could arrange for the necessary accommodation for members attending meetings.

(d) Neither Government nor the Committee have any intention of spending lakhs of rupees in trying to house the Committee in Bombay.

Prof. N. G. Ranga: Is it not a fact that the next Committee is going to be held in Delhi because of want of accommodation in Bombay?

Sir Pheroze Kharegat: No, Sir. The idea was to hold the meeting in Bombay but because of the convenience of the elected Members of the Legislature the venue has been transferred to Delhi.

Sri M. Ananthasayanam Ayyangar: What is the object of having these meetings at a place where no tobacco is grown

Some Honourable Members: Smoke!

Mr. President: Next question.

PEDIGREE BULLS IN GOVERNMENT FARMS

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

(a) whether it is a fact that there are some pedigree bulls to spare in the Government Farms, if so, how many;

(b) whether they are to be sold by auction at Amritsar and Delhi, if so, why;

(c) whether Government have seen the representation sent by the Indian Rural Peoples Society suggesting that instead of auctioning them the bulls should be sent to Provinces and be placed at the disposal of Provincial Governments for local use; and

(d) whether Government propose to accept this suggestion?

Sir Pheroze Kharegat: (a) Yes. The number of such bulls of serviceable age available at present is 33.

(b) No.

(c) Yes.

(d) A scheme for the supply of the surplus bulls to the Provincial Departments of Agriculture is at present under consideration and it is hoped to reach a decision shortly.

Mr. Manu Subedar: May I know in the meanwhile what the bulls are doing?

Mr. Ahmed E. H. Jaffer: In regard to part (b) of the question, will the Honourable Member consider the question of starting a stud farm for these bulls?

Sir Pheroze Kharegat: The bulls are kept on a Government farm. So I do not see what the advantage would be by sending them to another Government farm!

Mr. Manu Subedar: May I know whether in the meanwhile the services of these bulls are not offered freely for cattle-owners in the surrounding districts where the bulls are? That is the point that I wanted to make. I would like to know why their services should not be offered free to all the cattle-owners of the surrounding places.

Sir Pheroze Kharegat: The bulls are kept either in the Agricultural Institute in Delhi or in Karnal, and if any cattle owner wishes to send his cows to be served by these bulls, I think there will be no difficulty.

Mr. Manu Subedar: As the cattle owners do not attend the meetings of this House in the gallery or elsewhere, will my friend immediately advertise and through District Officers and Subordinate District Officers give this information, namely, that Government bulls are available for work whenever called upon.

Shri D. P. Karmarkar: Of these 39 stud bulls, how many were born in Lord Linlithgow's regime?

Mr. President: Order, order.

Shri D. P. Karmarkar: The Honourable Member has not understood my point. How many of these 39 bulls for studding purposes were born during the regime of Lord Linlithgow?

Mr. President: Order, order. Next question.

EXPORT OF INDIAN CATTLE TO SOUTH AMERICA

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

(a) if it is a fact that Government wish to encourage the export of Indian cattle to South America;

(b) if it is also a fact that sometime ago Government actually prohibited such exports; if so, when, and why;

(c) if Government are aware of the great apprehensions felt by peasants and other interested people about the effects of such an export of our valuable cattle; and

(d) whether Government propose to give an assurance that such exports will not be permitted again?

Sir Pheroze Kharegat: (a) No.

(b) Restrictions on the export of cattle were imposed in 1943 owing to the shortage of cattle in the country and are still in force.

(c) There are no grounds for such apprehension at present.

(d) The restrictions will lapse when the Defence of India Rules lapse. The question of the further action to be taken when this happens is under consideration.

Prof. N. G. Ranga: When that question comes up for consideration, whether or not we allow exports of our cattle to other countries, will Government give necessary facilities to those who are interested in cattle development and cattle production in this country to express their views?

Sir Pheroze Kharegat: I think, Sir, that if the restrictions have to be continued after the lapse of the Defence of India Rules, the matter is bound to come up before this House.

Seth Govind Das: Is it not a fact that the number of cattle in this country is becoming less and less every day?

Sir Pheroze Kharegat: That is not the information of the Government. As I mentioned in reply to another question some time ago, in most provinces the census of cattle carried out in 1945 showed that there was no appreciable difference between the number of cattle existing in 1940 and the number in 1945.

Sri M. Ananthasayanam Ayyangar: Therefore, may I take it, apart from any legislative measure to be enacted hereafter, what is Government's view whether cattle should or should not be exported in future?

Sir Pheroze Kharegat: The matter will be carefully examined when the time comes and the proposals of the Government will, if necessary, be put before the House.

Sri M. Ananthasayanam Ayyangar: I would like the Honourable Member to say, now that the Defence of India Rules are likely to expire, why the Government has not made up its mind or even considered the question till this late day?

I insist upon an answer being given. It is not in the public interest to withhold this. My Honourable friend says he will consider this hereafter. I would like to know whether he has given attention to this or not?

Sir Pheroze Kharegat: The matter is under the consideration of the Government at present.

Sri M. Ananthasayanam Ayyangar: Will they come to a decision before the Defence of India Rules expire?

Sir Pheroze Kharegat: Certainly!

Seth Govind Das: Is it not a fact that the cattle of the best breed are exported from this country?

Sir Pheroze Kharegat: No, Sir. The majority of the exports which are taking place at present are to Ceylon for food purposes and it is only a very few animals which are exported for breeding purposes to other countries. They probably would be less than a score in the year.

Seth Govind Das: In view of the fact that cattle of good breed are not in sufficient number in this country, will the Government stop the export of the cattle which are exported for breeding purposes?

Sir Pheroze Kharegat: We have stopped all exports of cattle for breeding purposes except a few which are occasionally allowed and even in these cases we do not allow the best animal to go and only allow the second best animals to be exported. But, as I just said, the number of such bulls which are exported is extremely small, only about 20 or less than that in a year.

Babu Ram Narayan Singh: May I know which are the Provinces where the number of cattle has increased?

Sir Pheroze Kharegat: I do not remember the figures but I placed a statement on the table of the House in reply to a question sometime ago.

Mr. Manu Subadar: Does my Honourable friend imply that the death rate amongst the cattle in Bengal has already been made up? Has he got any figure whatsoever on that subject?

Sir Pheroze Kharegat: No, Sir. We have not received the figures for Bengal, Bihar, Assam and Orissa.

Prof. N. G. Ranga: We do not know when these D. I. Rules will cease to operate and when Government will begin to consider whether or not reimpose this ban on exports. Will the Government give an assurance that before this Session comes to an end, they will take occasion to consult the opinion of this House in regard to this particular matter?

Sir Pheroze Kharegat: I shall be very pleased to do so.

LICENCES FOR IMPORT OF PROVISIONS AND TINNED FOODS.

597. ***Mr. Vadiall Lallubhai:** (a) With reference to the reply given to starred question No. 20 on the 5th February 1946, regarding licences for importing provisions and tinned foods into the Province of Bombay from abroad, will the Honourable the Commerce Member please state the percentage in money value of the business placed with Indian and European firms in this connection, since 1st of January 1945?

(b) Will Government state similar figures for other Provinces and for India as a whole?

The Honourable Dr. Sir M. Azizul Huque:

	Indian	European
(a) The percentage for Bombay on the basis of licences for provisions and tinned foods issued during 1945 excluding the quantities licensed in favour of the Regional Food Controllers is	23	77
(b) Similar percentages are :		
For Madras	25	75
For Calcutta	14	86
For Karachi	55	45
For India (as a whole)	22	78

SUBSIDIES TO PRODUCERS TO AUGMENT FOODGRAINS PRODUCTION.

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

(a) the Provinces in which the producers of foodgrains are being offered any subsidies to make it worth their while to grow more foodgrains;

(b) the nature of that subsidy and what percentage of increase it adds to the present price of paddy being actually paid to peasants; and

(c) what other special steps are being taken to increase foodgrains production?

Sir Pheroze Kharegat: (a) All Provinces.

(b) Subsidies are given for schemes relating to (i) Minor irrigation works especially wells and tanks (ii) Land reclamation and improvement (iii) Distribution of manure (iv) compost making (v) multiplication and distribution of seeds and (vi) Bonus to cultivators for diverting areas from cotton to food crops. A statement is laid on the table showing the principles on which grants are given for the first five items. For the sixth, a subsidy at the rate of Rs. 2 per acre has generally been given but in Madras it has recently been increased to Rs. 4 per acre and it is proposed to apply this rate to other Provinces. In Bombay a subsidy of Rs. 15 per acre is offered by the Provincial

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

Government to cultivators of lands irrigated by wells on which hot weather *bajra* or *jowar* crops are grown, subject to the condition that one maund per acre of grains produced in the scarcity area and 2 maunds per acre in other areas are sold to Government at the controlled rate. The question of remitting water assessment in the case of lands brought under irrigated grain crops in this hot weather is under consideration.

Since the central grants are not related to the sale price of foodgrains, it is not possible to calculate the percentage of increase added to the peasants' price of paddy by the subsidy.

(c) Loans are advanced where necessary for financing food production schemes. Arrangements have been made for the import of fertilisers and agricultural machinery. Assistance is given in securing the articles required for improving the means of production such as iron and steel for the manufacture of agricultural implements, coal for the manufacture of bricks for wells, cement for the construction of wells etc.

Statement showing the principles on which grants are given.

1. **Multiplication and distribution of improved seeds:**—Apart from the staff which might be employed for the production and distribution of improved seeds, some additional expenditure has to be incurred over the payment of premium in purchasing improved seeds from growers. The amount of this premium sometimes goes up to about 1/5th of the market price of the grain. If a Provincial Government decided not to charge this premium from the growers to whom the seed is later given for multiplication of commercial production, the Government of India would be prepared to share the irrecoverable expenditure involved up to 20 per cent. of the market rate on a 50 : 50 basis with the Provincial Government. In these cases where the Provincial Government has to incur losses on account of a fall in price between the price at the harvest at which the stock of seed is acquired and the price at the sowing time at which the stock of seed is distributed among cultivators for sowing, the actual losses will be shared by the Government of India on a 50 : 50 basis with the Provincial Government concerned. The Government of India will also be prepared to bear half the net expenditure incurred on the storage and transport of seeds and any incidental charges and overheads on their distribution.

2. **Manures.**—In the distribution of manures or in developing the use of green manuring, subsidy to cultivators is given in order (i) to induce the cultivator to use that particular form of manure and to become educated in its use, and (ii) to make the use of the manure economic to the cultivator. As regards (ii) the use of manures should be subsidised to the extent that it is considered necessary for making its use economic for the cultivator, and the Central Government will be prepared to share the net expenditure involved on a 50 : 50 basis with the Provincial Government. As regards (i) the Government of India consider it desirable that all types of manures—chemical fertilisers, oilcakes and compost from town refuse—distributed to cultivators—through agency of Government should be made available to cultivators at not less than half the cost, and the loss thus incurred should be shared equally between the Provincial Governments and Central Governments. This heavy subsidy to the cultivator should be allowed only in respect of manures required during the four years to demonstrate the value of proper manuring. If in subsequent years the particular type of manure is given out in the same locality, the subsidy should be progressively reduced at suitable rates and the reduced subsidy will be shared 50 : 50 between the Central and Provincial Governments.

Seeds for green manuring may even be supplied free to cultivators, the net provincial expenditure over such schemes will be shared on a 50 : 50 basis with the Provincial Government.

3. **Minor Irrigation Projects.**—These include surface percolation wells fitted with water lifting appliances such as Persian wheels, small individual tanks and small bunds or dams in minor stream and *nalas*. They also include the repair or renovation of these works. For executing all such approved minor works (a) subsidy may be given to cultivators, not exceeding 50 per cent. of the cost, which will be shared equally between the Provincial and Central Governments. The Central Government share of the subsidy may be reduced in cases when the land revenue assessment is liable to be changed with the improvements.

4. **Land Development: Reclamation of culturable but uncultivated land.**—(a) Where jungle clearance, terracing, etc., has to be done, the cultivator may be assisted to the extent of half the cost which will be shared equally between the Provincial Government and the Government of India.

(b) Where such land has to be broken up in the first instance with the help of tractors and tractor-drawn implements for eradicating deep-rooted grass, etc., it will not be possible to recover the entire expenditure from the cultivators who will have to be liberally subsidized. In such cases the Central Government will give a subsidy to the extent of 50 per cent. of the net Provincial expenditure.

(c) *Construction of contour ridges as an anti-soil-erosion measure and for the conservation of rainfall to permit dry farming.*—As in the case of (b) it will not be possible to recover the entire expenditure from the cultivators who will have to be liberally subsidised. In such cases the net provincial expenditure will for the next three years be shared in equal proportions by the Provincial Government and the Government of India.

5. *Emergency Irrigation Projects.*—These consist of large and small canals, construction of headworks, installation of tubewells, pumping of irrigation water from rivers, etc. All such emergency irrigation projects can only be carried out by Provincial Governments as State enterprises. These projects will at some stage bring additional revenue to the Provinces concerned both in the shape of increased land revenue and water rates.

The Government of India will not make any grant in respect of revenue-yielding projects, where the anticipated gross additional revenue exceeds 5 per cent. of the gross outlay on the project. In other cases, the Government of India will make a grant limited to 50 per cent. of the net outlay on the project [as defined in note (i) below], and this will be further subject to the maximum [mentioned in note (ii) below].

NOTE (i).—'Gross additional revenue' includes additional land revenue and water rate or other similar charge for the use of water realisable on lands benefited by the project and does not include any additions on account of indirect returns or any deductions for maintenance and collection charges. 'Net Outlay' represents the total cost of the project minus the following items:—

(a) *Recoveries.*—Any amount recovered as a contribution to the cost of the project or by way of sale proceeds of Government land, etc.

(b) *Capitalized value of gross additional revenue.*—Twenty times the gross additional revenue will be deemed, for the purposes of this letter, to be the capitalized value of gross additional revenue.

NOTE (ii).—If the grant assessed on the above basis exceeds the average value, at current prices, of the increased amount of average annual production, in terms of food grains, anticipated as a result of the project the grant will be limited to such average value.

Prof. N. G. Ranga: Is it not a fact that certain Provincial Governments have complained that the subsidy that was being given to encourage peasants to shift from cotton cultivation to foodgrains cultivation is not enough and that the Central Government should bear the cost of that subsidy?

Sir Pheroze Kharegat: Yes, Sir. When the subsidy that used to be given was Rs. 2 per acre we received a representation from the Madras Government that this amount was inadequate and at their request we have therefore increased it to Rs. 4 per acre.

Prof. N. G. Ranga: Is it not a fact that even Rs. 4 it considered to be thoroughly inadequate by the cultivators in Madras?

Sir Pheroze Kharegat: I have no information on that point. We have accepted the desire expressed by the Government of Madras.

Prof. N. G. Ranga: Have Government any information to satisfy themselves that the response to this subsidy has been either adequate or anything at all?

Sir Pheroze Kharegat: We have no information.

Prof. N. G. Ranga: Why is it that the Government do not take the trouble to enquire whether any such steps as this subsidy is really bearing any fruit and if it is not, to what extent it should be increased?

Sir Pheroze Kharegat: It is the business of the Madras Government and we are guided by their advice. But the fact remains that the cotton acreage has decreased during the past few years by no less than 9 million acres.

Prof. N. G. Ranga: The Honourable Member said that a subsidy of Rs. 15 per acre is proposed to be given during this summer to all those people who would like to irrigate their lands by well water. Will the Honourable Member consider the advisability of making it a general concession to be given all over India, not only during this summer but during the next four or five years until at least the food crisis is over?

Sir Pheroze Kharegat: This subsidy has been given by the Bombay Government and the matter is being brought to the notice of the other Governments, so that they may also arrange to make similar arrangements.

Prof. N. G. Ranga: What is it that the Government does in bearing a portion of the cost of such subsidies?

Sir Pheroze Kharegat: In such cases the Government of India are prepared to pay 50 per cent. of the cost involved.

Seth Govind Das: Does the Honourable Member realise that unless this subsidy is fixed for a few years, it would be difficult for peasants to make their wells to irrigate their fields?

Sir Pheroze Kharegat: In respect of the construction of wells a subsidy is given at the rate of 50 per cent. of the cost of the well and therefore no question arises of continuing that subsidy for three or four years.

Seth Govind Das: Does the Honourable Member know that peasants are so poor that unless they are assured of the subsidy for a few years more, it will not be possible for them to spend even this 50 per cent. which they have to spend from their own pockets?

Sir Pheroze Kharegat: That is a matter of opinion. In the opinion of various Provincial Governments this 50 per cent. is adequate for the purpose.

Mr. Manu Subedar: May I know whether Government have considered the question that in view of the acute food situation in this country, a subsidy may be devised for root crops, that is to say those crops which can be grown in anything between 30 and 60 days and which would be a very good substitute for food?

Sir Pheroze Kharegat: Yes, Sir. The matter is under consideration. I did not refer to root crops, as the present question relates only to foodgrains. In respect of root crops, that is the cultivation of vegetables, under existing circumstances special concessions have been given.

Seth Govind Das: The Honourable Member said in reply to my question that it is a matter of opinion. May I ask him whether it is not a fact that the people of this country and especially the peasants are so poor that they cannot invest even that 50 per cent., if the subsidy which is given to them is not continued for a few years longer?

Sir Pheroze Kharegat: In such cases the Provincial Governments are prepared to give loans and the Central Government are also prepared to give advances as loans in order to enable the wells to be constructed.

Mr. Manu Subedar: Will Government consider whether in the case of root crops they could not guarantee to the farmer the purchase of his output at a given price? Even that would be more effective than any promised subsidy.

Sir Pheroze Kharegat: A suggestion to that effect is about to be made to the provinces together with an undertaking that the loss involved therein will be shared fifty-fifty between the Provincial Government and the Centre.

Babu Ram Narayan Singh: What is meant by distribution? In practice I find that seeds and manure are sold to the cultivator and not distributed among them free.

Sir Pheroze Kharegat: They are sold at concession rates.

Babu Ram Narayan Singh: Is the Honourable Member aware that the people are so poor that they cannot afford to purchase seeds and manure and it is no help to them if they are not given free?

Sir Pheroze Kharegat: Our information is that seeds and manure are being purchased in large quantities.

Prof. N. G. Ranga: Because they have no other go!

Mr. President: Order, order: next question.

SUPERINTENDING ENGINEERS IN HEADQUARTERS.

599. ***Mr. Muhammad Rahmat-Ullah:** (a) Will the Honourable the Labour Member please state if it is a fact that Rai Sahib C. P. Malik is given officiating chances for the post of Superintending Engineers in the Headquarters?

(b) Is it not a fact that there are a number of Muslim Executive Engineers, senior to him but have not been given a single chance to officiate?

The Honourable Dr. B. R. Ambedkar: (a) No. Rai Sahib C. P. Malik has been appointed temporarily to carry on only the current duties of the post of Superintending Engineer, Second Circle, Delhi, purely as a measure of administrative convenience.

(b) Yes. But they have not yet become due for promotion to the grade of Superintending Engineer.

Dr. Sir Zia Uddin Ahmad: In view of the fact that out of 13 Superintending Engineers only one is a Muslim, why was not a Muslim appointed for this particular post?

The Honourable Dr. B. R. Ambedkar: If the Honourable Member will refer to my reply, he will see that the appointment is not of an officiating character: he is merely asked to carry on the duties.

Dr. Sir Zia Uddin Ahmad: Without being called a Superintending Engineer and without any remuneration?

The Honourable Dr. B. R. Ambedkar: Yes.

Dr. Sir Zia Uddin Ahmad: This is a third method of avoiding the appointment of Muslims, in addition to the two I suggested yesterday, efficiency and seniority: you do not call a post by the name which is given to it: you simply ask a man to carry on the duties?

The Honourable Dr. B. R. Ambedkar: My Honourable friend is free to draw any inference he likes.

Maulana Zafar Ali Khan: Does the Honourable Member know that there is a feeling abroad that in the matter of appointment of Muslims the Government always meets out step-motherly treatment to the Muslims?

Mr. Ahmed E. H. Jaffer: In reply to part (a) the Honourable Member said "as a measure of administrative convenience". Is it the convenience of the Honourable Member to make it a convenience to avoid appointments of Muslims?

The Honourable Dr. B. R. Ambedkar: I think it is so simple an expression that everybody ought to understand it.

Mr. President: Order, order: next question.

MUSLIM GAZETTED OFFICERS IN LABOUR DEPARTMENT SECRETARIAT

600. ***Mr. Muhammad Rahmat-Ullah:** Will the Honourable the Labour Member kindly state the proportion of Muslim Gazetted Officers in the Labour Department Secretariat?

The Honourable Dr. B. R. Ambedkar: There are 49 Secretariat Gazetted Officers in the Labour Department, of whom 9 are Muslims.

Mr. Ahmed E. H. Jaffer: Does it not mean that the proportion of Muslims is not maintained, according to the 25 per cent. ratio?

The Honourable Dr. B. R. Ambedkar: I do not know that that rule applies.

Mr. Ahmed E. H. Jaffer: 9 out of 49: is it fair to the Muslim community that they should have this low percentage?

The Honourable Dr. B. R. Ambedkar: I understand that is not a matter governed by the communal representation ratio.

Dr. Sir Zia Uddin Ahmad: Is it not a fact that the resolution of the Home Department of 1934 was communicated to his Department? If not, I would ask the Home Member to communicate it to his colleague in the Labour Department.

MUSLIM ADMINISTRATIVE OFFICER IN CENTRAL P.W.D.

601. *Mr. Muhammad Rahmat-Ullah: (a) Has the attention of the Honourable the Labour Member been drawn to the article published in the *Dawn* of the 26th January, 1946, regarding the appointment of a Muslim Administrative Officer in the Central P. W. D.?

(b) Are the facts stated therein regarding his Department correct?

(c) Is it not a fact that the three Assistants of the Administrative Officer as well as the Financial Adviser are all Hindus?

(d) Is it not a fact that the Honourable Member is contemplating to appoint a non-Muslim Administrative Officer? If so, why should the Mussalmans be excluded from this branch of the Central P. W. D.?

The Honourable Dr. B. R. Ambedkar: (a) Yes.

(b) No.

(c) Yes.

(d) The question of filling the post of Administrative Officer in the Central Public Works Department is still under consideration.

Dr. Sir Zia Uddin Ahmad: How long will it be under consideration, because his attention has been drawn several times? Will he make the appointment after the Assembly session is over?

The Honourable Dr. B. R. Ambedkar: He will be appointed in due course.

Dr. Sir Zia Uddin Ahmad: Why don't you call a spade a spade? Why do you not call this a Hindu Labour Department, or rather a Scheduled Caste Department?

(No answer was given.)

CUTS IN RATIONS

602. *Seth Govind Das: Will the Food Secretary be pleased to state:

(a) whether Government are aware that cuts in rations have already been introduced in the United Provinces, Madras, Bengal and Delhi Provinces;

(b) whether Government are aware that there were strong protests in this House during the food debate that reductions in the existing rations should be the last resort; and

(c) whether Government have convinced themselves that there is no other alternative except a reduction in rations to avoid the impending famine in India?

Mr. B. R. Sen: (a) The overall size of foodgrains ration has been reduced in Madras and Delhi. A similar reduction is also to be made shortly in other areas.

(b) Yes.

(c) Government are pressing for increased imports but at the same time feel that a reduction in consumption from now is absolutely essential, if the shortage is to be more evenly spread over the year.

Sri M. Ananthasayanam Ayyangar: May I know if in northern India more wheat is consumed than rice and the rice ration could be lowered and more rice could be exported to the south where they eat only rice?

Mr. B. R. Sen: I cannot give a categorical reply to it. The best possible arrangement will be made.

Sri M. Ananthasayanam Ayyangar: Is the Government aware that in the United Provinces the rice ration was increased whereas in the south it has been decreased and wheat has been given in substitution?

Mr. B. R. Sen: In the U. P. the wheat ration had to be cut because the stocks of wheat were inadequate, the overall ration had to be maintained by supplying rice and other products.

Sri M. Ananthasayanam Ayyangar: Is the Government aware that in the south they have not been accustomed to wheat and wheat can be exported to the U. P.?

Mr. B. R. Sen: There is very little wheat going to the south at present.

Prof. N. G. Ranga: Is it not a fact that the rice ration allowed to the rural people in southern India is much less than the ration allowed to the urban people?

Mr. B. R. Sen: I am not aware of that.

Mr. Leslie Gwilt: If I heard the Honourable Member correctly in reply to part (a) of the question, he said that a cut in ration had already been imposed in Madras and Delhi and that there will be a similar cut in other areas. Will he be good enough to tell the House what information he has in regard to those other areas? I think he means provinces.

Mr. B. R. Sen: Yes. I meant provinces. It is a matter of administrative convenience as to when the cut can be introduced. As a matter of fact since I drew up this reply, the cut has been introduced in the Punjab, in Sind and also in a few other areas; and the other areas will fall into line as soon as they find it possible to do so.

Seth Govind Das: Will the cut be imposed even in those provinces where there is no shortage of foodgrains?

Mr. B. R. Sen: It will be a cut all over India—in surplus as well as in deficit provinces.

Sri M. Ananthasayanam Ayyangar: Will there be a difference in degree between the surplus and deficit areas in the matter of the proportion or ratio of the cut?

Mr. B. R. Sen: The present policy is to bring down the ration to 12 ounces basic and 4 ounces supplementary, and that will be introduced all over India, whether it is a surplus or a deficit area.

Prof. N. G. Ranga: My information is that the ration of rice allowed in rural areas is much less than the ration allowed in urban areas so far as the south is concerned. Will my Honourable Friend make inquiries and find out the truth of the matter?

Mr. B. R. Sen: I am prepared to make inquiries. But it is not what is supposed to be done. The ration is the same in rural or urban areas.

Shri D. P. Karmarkar: May I ask whether the Honourable Member is aware that the ration allowed in Malabar is already less than in other parts of the Madras Presidency, and if so, will he consider the advisability of continuing the old rations of rice in Malabar?

Mr. B. R. Sen: Yes; I am sure the ration in Malabar is being maintained at the existing level.

Mr. R. C. Morris: Will the Honourable Member say whether the Indian States are to be allowed to adopt their own course of action?

Mr. B. R. Sen: We have asked for the cooperation of the States in this matter and we have every hope that the States will come into line with us.

Shri Sri Prakasa: While taking into consideration the administrative convenience, will the Honourable Member also take into consideration the gustatory convenience of the persons concerned?

Mr. B. R. Sen: We do. We try to send the foodgrains to which the people of particular areas are accustomed, as far as possible.

Shri Sri Prakasa: Then how is it that more wheat is being given in the south and more rice in the north?

Mr. B. E. Sen: As I have said, that is not a correct statement. Practically no wheat is going to the rice eating areas at present; there is a shortage of wheat as well as a shortage of rice.

Dr. Sir Zia Uddin Ahmad: Is my Honourable friend aware of the fact that the people of different provinces eat different kinds of rice and that all the rice is not of the same quality as petrol?

Mr. B. E. Sen: I am afraid we shall have to forget some of these refinements of taste for the time being.

Sir Cowasjee Jehangir: May I ask whether any province refused to fall in line with the instructions of the Government of India?

Mr. B. E. Sen: No; not so far.

Sir Cowasjee Jehangir: Does the Government of India anticipate any?

Mr. B. E. Sen: We hope that every province will fall in.

Mr. President: Order, order: the question hour is over.

(b) WRITTEN ANSWERS

IMPENDING FOOD CRISIS IN DELHI

603. *Seth Govind Das: Will the Food Secretary please state:

(a) whether it is a fact that Mr. Ramdhvani, Director of civil supplies, recently stated that the situation regarding supply of wheat in Delhi is threatening;

(b) whether it is a fact that there is only four weeks' ration stock of wheat in Delhi now;

(c) who is responsible for this state of affairs; and

(d) what steps Government propose to take to avoid the impending food crisis in Delhi?

Mr. B. E. Sen: (a) No.

(b) Yes.

(c) This is due to failure of supplies from the Punjab.

(d) Imported wheat has now started arriving in Delhi in substantial quantities. In addition the wheat ration has been reduced to six chataks.

WHEAT AND RICE PURCHASED BY GOVERNMENT.

604. *Khan Bahadur Hafiz M. Ghazanfarulla: (a) Will the Food Secretary please state the total quantities of wheat and rice purchased during the period from 1st April, 1945, to the 31st December 1945?

(b) How much of these quantities was used for civil supplies; and how much for military use?

Mr. B. E. Sen: (a) and (b). Collection of figures of total quantities of wheat and rice purchased all over India by Provincial and State Governments will take time. The quantities procured in India for the Army amounted to 240,680 tons wheat (including wheat products), and 99,874 tons rice.

WHEAT AND RICE EXPORTED TO OTHER COUNTRIES

605. *Khan Bahadur Hafiz M. Ghazanfarulla: (a) Will the Food Secretary please state, what quantities of wheat and rice were exported to other countries from India during the period from 1st April, 1945, to the 31st December, 1945?

(b) Which are the places to which wheat and rice were exported from India during the period mentioned above?

(c) What are the quantities exported to these places?

Mr. B. E. Sen: (a) to (c). A statement giving the required information is laid on the table of the House.

Statement showing Exports of Wheat (including wheat flour) and Rice from India during the period from 1st April, 1945 to 31st December 1945.

Destination (1)	Quantity (In tons)	
	Wheat Flour* (2)	Rice (3)
1. U. K.		23
2. Arabia . . . . .	...	468
3. Gwadur	758	
4. Bahrein Islands	22	5
5. Ceylon	11	42,302 (replaced by im- ports).
6. Others	11	223
Total	802	43,021

* There were no exports of wheat.

WHEAT AND RICE IMPORTED INTO INDIA

606. *Khan Bahadur Hafiz M. Ghazanfarulla: (a) Will the Food Secretary please state the quantities of wheat and rice imported into India from outside?

(b) How much of these quantities was allotted to the United Provinces?

Mr. B. R. Sen: (a) and (b). 10,80,126 tons wheat, wheat products and rice were imported into this country during the period the 1st January 1945 to the 21st February 1946. Out of these the U. P. Government were allotted 110,088 tons wheat and wheat products.

REDUCTION IN RATIONS IN U. P.

607. *Khan Bahadur Hafiz M. Ghazanfarulla: (a) Is the Food Secretary aware that a lot of agitation is going on in all the towns of the United Provinces owing to the reduction in the wheat ration?

(b) What arrangements are Government going to make to increase the ration of wheat?

Mr. B. R. Sen: (a) Yes.

(b) The present supply position does not permit an early increase in the wheat ration.

INDIAN DELEGATION TO ENGLAND re FOOD SHORTAGE

608. *Shrimati Ammu Swaminadhan: Will the Food Secretary be pleased to state:

(a) if a Delegation in connection with food shortage has been sent to England and America;

(b) the names of the members of the Delegation and their qualifications for forming the Delegation;

(c) the places they are likely to visit, the work they are likely to do, and the cost to the Indian exchequer that is estimated on account of this Delegation; and

(d) what good Government expect from the Delegation's work in connection with the shortage of food in India?

Mr. B. R. Sen: (a) Yes.

(b) A statement showing the names and qualifications of the members of the delegation is placed on the table of the House.

(c) The delegation will visit the U. K., Canada and U. S. A. The object of their visit is to press India's case for increased imports. The delegates will be the guests of His Majesty's Government while in the United Kingdom. The estimated cost of the delegation to the Indian exchequer is Rs. 38,000.

(d) If the delegation is successful in its mission, larger quantities of foodgrains will become available to meet shortages in the country.

Statement showing names and qualifications of the members of the Food Delegation

Name	Qualification
1. Sir A. Ramaswami Mudaliar, H. M., Industries and Supplies.	Will lead the delegation in the absence of H. M., Food, who owing to illness, could not proceed to U. K.
2. Sir Sonti Ramamurti, Adviser to the Governor of Madras.	Representative of the three areas, which have been affected most by crop failures.
3. Mr. A. D. Gorwala, Commissioners Civil Supplies, Bombay.	
4. Mr. N. Madhava Rau, Dewan, Mysore	
5. Sir Theodore Gregory	
6. Khwaja Sir Nazimuddin <i>ex</i> -Premier of Bengal	Economic Adviser to the Government of India and Chairman of the Foodgrains Policy Committee.
7. Mr. Habib Ibrahim Rahimootala President, Muslim Chamber of Commerce.	
8. Sir Manilal Nanavati	Member of Famine Enquiry Commission.
9. Sardar Sant Singh	<i>Ex</i> -M.L.A.
10. Sir Robert Huthings	Secretary, Department of Food.

Advisers to the Delegation

1. Dr. V.K.R.V. Rao, (Economics and Statistics)	Planning Adviser to the Government of India, Department of Food.
2. Mr. D. R. Sethi (Agriculture)	Agriculture Adviser to the Government of India in the Department of Agriculture,
3. Dr. Aykroyd (Nutrition)	Late Director of Nutrition Research Laboratories, Coonoor.

REDUCTION IN RATIONS IN MADRAS

609. *Sri R. Venkatasubba Reddiar: Will the Food Secretary be pleased to state:

(a) if Government are aware of the reduction in the quantity of cereals in the rationed areas by an order of the Government of Madras;

(b) if Government are satisfied that the quantity now allowed will be sufficient for the rural population and manual labourer in the rationed areas; and

(c) if Government are prepared to make necessary arrangements to see that the cut referred to in part (a) is not applied to rural parts?

Mr. B. R. Sen: (a) Yes.

(b) The heavy manual worker will receive an extra quantity of 4 ozs. per day which is in line with the ration in other provinces.

(c) The cut is being uniformly applied to all rationed areas.

SUBSIDISING CULTIVATION OF FOODGRAINS

610. *Sri R. Venkatasubba Reddiar: Will the Food Secretary be pleased to state:

(a) if Government will consider the desirability of increasing the price of foodgrains now procured in the Madras Presidency urgently; if not, whether Government propose to consider the desirability of subsidising the cultivation of foodgrains; and

(b) if Government are aware that the increase in prices or offer of subsidy will induce the cultivation of short term paddy now?

Mr. B. R. Sen: (a) and (b). The Madras Government who were consulted in the matter do not consider it desirable to raise the prices of foodgrains. The question of grant of subsidy to induce the cultivation of short term paddy and other cereals is under consideration.

DRASTIC CUT IN WHEAT RATION

611. *Sjt. Seth Damodar Swroop: (a) Is the Food Secretary aware of the general panic and acute distress caused all over the wheat-eating provinces because of the recent drastic cut in the wheat-ration? If so, what steps does he intend to take with a view to giving the necessary relief?

(b) Is he also aware of the fact that due to the recent cut in the wheat ration and the general declaration of the scarcity of the grain, hoarding is being resorted to very hurriedly and in various places, the prices of foodgrain have more than doubled during a week or so? If so, what action, if any, he has advised to the Control Department to check any impending crisis?

Mr. B. R. Sen: (a) Government are aware of the reaction to the cut in the wheat ration in the U. P. and are taking all possible steps to secure increased imports of wheat from abroad.

(b) Prices of foodgrains have tended to rise since the gravity of the food situation became known, but not to the extent mentioned by the Honourable Member. Hoarding too is being resorted to by some sections of the community.

For measures the Government of India propose to take to meet the food crisis, the Honourable Member is referred to the speech of the Honourable Member for Food in the course of the recent Food debate.

SHRUBBERY AND WEEDS GROWING IN WALLS OF LODI TOMBS

612. *Mr. T. Chapman-Mortimer: Will the Education Secretary be pleased to state:

(a) whether the attention of Government has been called to the presence of shrubbery and weeds growing in some of the walls of the Lodi Tombs; and

(b) whether in view of the serious damage that may be caused if these shrubs are not promptly removed, immediate orders are proposed to be issued for inspection and necessary action?

Dr. John Sargent: (a) and (b). The plant-growths on the walls of the Lodi tombs, New Delhi, were last cleared on the 24th January 1946. The more important monuments are cleaned every third month and the less important every fourth month. All the dangerous tree-growths are, as far as possible, killed chemically. Owing to the very rapid growth of fresh vegetation, the monuments are liable to look a little untidy towards the end of the periods mentioned. It is proposed to increase the number *bankatis* in order to keep

the monuments more tidy. No further action is called for in this connection at present.

ADVERTISEMENTS *re* APPLICATIONS FOR HIGHER STUDIES ABROAD

613. ***Shrimati Ammu Swaminadhan:** Will the Education Secretary be pleased to state:

(a) the names of newspapers in which advertisements inviting applications from candidates wishing to go overseas for studies, were published, with the dates of the publication of each advertisement in each paper;

(b) whether he has come across any complaints of non-publication of such advertisements in the *Hindu* of Madras with regard to this matter; and

(c) whether he is prepared to consider the extension of time-limit to candidates who have not been allowed sufficient time on account of the insufficiency of notice; if not, why not?

Dr. John Sargent: (a) A statement giving the names of the newspapers in which the advertisement has been published, together with the dates of publication, is placed on the table of the House.

(b) Yes.

(c) All applications which could not be submitted in time for some reasonable cause have been accepted as and when they have been received. It was through an oversight that the advertisement was not sent to the *Hindu* for publication. A fresh advertisement has since been sent to that paper, and applications will be received upto March 15th, 1946.

Statement giving the names of the newspapers in which the advertisement inviting applications for Scholarships for advanced studied overseas was published and the dates on which it actually appeared in these newspapers.

Name of Newspaper	Date of publication
1. <i>Statesman</i> , Calcutta (also New Delhi edition)	29th December 1945 and 1st January 1946.
2. <i>Hindustan Times</i> , New Delhi	29th and 31st December 1945.
3. <i>Amrita Bazar Patrika</i> , Calcutta (also Allahabad edition).	Ditto.
4. <i>Mail</i> , Madras	Ditto.
5. <i>Tribune</i> , Lahore .	Ditto.
6. <i>Civil and Military Gazette</i> , Lahore	29th December 1945 and 1st January 1946.
7. <i>Times of India</i> , Bombay	29th and 31st December 1945.
8. <i>Leader</i> , Allahabad	Ditto.
9. <i>Dawn</i> , Delhi	Ditto.
10. <i>Pioneer</i> , Lucknow	Ditto.
11. <i>Bombay Chronical</i> , Bombay	Ditto.
12. <i>Hitavada</i> , Nagpur	29th and 30th December 1945
13. <i>Nagpur Times</i>	29th and 31st December 1945
14. <i>Indian Nation</i> , Patna	Ditto.
15. <i>Searchlight</i> , Patna	Ditto.
16. <i>Hindustan Standard</i> , Calcutta	Ditto.
17. <i>Sind Observer</i> , Karachi	Not known so far.
18. <i>Daily Gazette</i> , Karachi	Ditto.
19. <i>Hindu</i> , Madras	Ditto.

BROADCASTING OF PROCEEDINGS OF CENTRAL LEGISLATIVE ASSEMBLY

614 *Pundit Thakur Das Bhargava: (a) Will the Honourable the Leader of the House kindly state if he is aware that loud-speakers, have been installed outside the Legislative chamber at Lucknow in the United Provinces and that the proceedings of the Assembly are broadcast to the public outside?

(b) Do Government propose to consider the advisability of making a similar arrangement for the Indian Legislature at New Delhi?

The Honourable Sir Edward Benthall: (a) No.

(b) No.

IMPORT OF SALT

615. *Mr. Sukhdev Udhowdas: (a) Will the Honourable the Commerce Member be pleased to state if:

(i) as a result of the recommendations of the Salt Survey Committee West Coast factories have increased their output of salt from 220,000 tons to 470,000 tons per annum;

(ii) 80 per cent. of the salt requirements of Bengal and adjacent markets can now be supplied by the salt works on the West Coast of India;

(iii) the Government of India's most recent import allotments of salt for the six months January/June 1946 were: Aden 91,000 tons, other areas (Middle East) 21,000 tons, and Indian salt manufacturers only 68,000 tons; and

(iv) this programme has been temporarily suspended owing to the large accumulations of salt in Bengal due to excessive imports from foreign countries in 1944 and 1945?

(b) Do the Government of India propose to ensure the maximum use of Indian salt production for Bengal and adjacent Provinces by:

(i) restricting the issue of licences for the importation of salt from Aden; and

(ii) discontinuing altogether imports from other foreign sources?

The Honourable Dr. Sir M. Azizul Huque: (a) (i) and (ii). I am collecting details of the recent output of salt in the West Coast factories and will lay further particulars on the table.

(iii) This was the import programme in view when licensing instructions were first issued, but it has since been modified.

(iv) Yes. The position is that during the war it was necessary to build up stocks as a precaution against salt famine. The sudden cessation of the war has left considerable surplus stocks in hand, and has necessitated a temporary reduction of imports. It has accordingly been arranged that during the current six-monthly period Bengal will get five ships from the West Coast, four from Aden, and none from other sources.

(b) (i). The quota percentage for licences for import of salt from Aden has already been reduced.

(ii) I regret that Government in the present situation cannot undertake to discontinue imports of salt from other foreign sources altogether.

UNSTARRED QUESTIONS AND ANSWERS

TRADE UNIONS IN INDIA

54. Mr. Vadilal Lallubhai: (a) Will the Honourable Member for Labour please state the number of trade unions in India and the total membership thereof since 1939 up to date year by year totally and as between different provinces?

(b) What are their total funds as between provinces and how much of the same comes by subscriptions and how much by donations since 1939 up to date year by year?

(c) How many of the total members as between provinces did not pay their subscriptions and still continue to be the members from 1939 up to date year by year?

(d) What has been the proportion of outsiders in the office bearers of trade unions ever since 1939 onwards year by year? Is it a fact that this proportion is recently on a decline?

The Honourable Dr. B. R. Ambedkar: (a) A statement showing the number of registered trade unions, the number of unions that submitted returns and the membership of the latter, during the years 1939-44, is placed on the Table. Statistics for 1944-45 are not yet available.

(b) A statement showing the income, expenditure, opening and closing balances of trade unions during 1939-44 is placed on the Table. Government has no information on the second part of the question.

(c) and (d). The information is not available.

Membership of registered trade unions by Provinces
(The figures relate to 31st March in each case)

Provinces	1939			1940			1941			1942			1943			1944		
	Number of registered trade unions	Number of trade unions making returns	Membership at the end of the year	Number of registered trade unions	Number of trade unions making returns	Membership at the end of the year	Number of registered trade unions	Number of trade unions making returns	Membership at the end of the year	Number of registered trade unions	Number of trade unions making returns	Membership at the end of the year	Number of registered trade unions	Number of trade unions making returns	Membership at the end of the year	Number of registered trade unions	Number of trade unions making returns	Membership at the end of the year
Ajmer Merwara	2	2	302	3	3	3,466	4	3	281	1	1	238	3	3	4,794	3	3	1,047
Assam	3	...	...	11	3	982	6	6	1,476	5	5	1,502	5	5	1,948	7	7	1,580
Bengal	191	130	95,935	188	134	1,22,368	211*	139	1,03,662	223	133	1,75,595	229	147	2,216,35	297	189	2,89,858
Bihar	13	10	23,992	27	11	13,596	34	20	29,925	38	16	10,337	41	11	18,788	49	20	21,947
Bombay	52	40	50,997	72	56	1,06,799	70	57	1,21,886	74	59	1,20,153	77	69	1,30,688	82	70	1,49,359
Central Provinces & Berar	35	30	13,377	41	31	11,560	52	38	17,361	55	38	23,984	49	35	29,430	48	29	14,983
Delhi	23	22	21,492	27	23	24,376	29	23	24,189	29	21	21,546	30	23	16,895	32	24	24,712
Madras	87	66	49,376	110	83	71,092	136*	80	53,637	137	76	42,924	143	96	49,451	174	99	64,567
North Western Frontier Province	6	4	307	7	5	684	6	5	619	6	4	317	6	3	418	3	3	423
Orissa	...	...	...	2	2	374	2	2	333	3	3	535	3	3	359	3	3	653
Punjab	55	22	24,878	65	27	11,051	73	15	6,742	69	15	7,191	24	23	12,493	27	25	13,569
Sind	23	21	9,589	29*	22	7,859	28	28	11,051	35	33	11,500	28	28	8,934	32	32	10,677
United Provinces	35	23	11,759	43*	24	15,811	40	29	14,807	42	28	17,493	28	27	20,976	31	31	32,944
Baluchistan	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Central Trade Unions (whose objects are not confined to one Province)	32	24	97,152	42	23	1,22,150	46	33	1,27,973	25	23	1,40,205	27	26	1,68,540	30	28	1,54,804
Total	562	394	3,99,150	667	450	5,11,138	727	483	5,13,832	747	455	5,73,520	693	430	6,85,299	818	563	7,80,823

* Revised figures.

General Funds* of Registered Trade Unions

(The figures are in rupees and relate to

Provinces	1939-1940				1940-1941			
	Opening balance	Income	Expenditure	Closing balance	Opening balance	Income	Expenditure	Closing balance
Almer-Merwara	445	613	982	76	63	17	8	72
Assam	2	378	380	...	59	930	908	81
Bengal	40,928	2,22,003	2,02,869	60,062	78,666	2,82,987	2,37,332	1,24,321
Bihar	729	9,929	9,131	1,527	4,438	19,621	16,769	7,290
Bombay	1,34,564	2,14,877	1,71,073	1,78,368	1,82,392	2,55,958	2,28,346	2,10,004
C.P. & Berar	7,171	15,584	11,709	10,996	12,171	64,077	59,968	16,280
Delhi	12,079	28,794	26,154	14,719	14,780	5,399	5,982	14,197
Madras	37,835	64,865	53,827	48,873	42,576	56,372	39,426	59,522
N. W. F. P.	878	742	227	1,393	1,393	295	344	1,344
Orissa . . . . .	...	336	245	91	91	253	206	138
Punjab	3,425	20,466	18,374	5,517	902	12,853	12,710	1,045
Sind	20,335	25,027	20,220	25,142	26,381	25,672	29,139	32,914
U.P.	2,145	10,887	9,172	3,860	3,321	12,817	10,320	5,818
Trade Unions whose objects are not confined to one Province.	3,55,767	5,07,346	4,73,800	3,89,313	3,87,542	4,75,676	5,50,124	3,13,094
TOTAL	6,16,303	11,21,797	9,98,163	7,39,937	7,64,775	12,15,927	11,91,582	6,86,120

* Figures are to the nearest rupee.

from which returns were received.

the period 1st April—31st March)

1941-1942				1942-1943				1943-1944			
Opening balance	Income	Expenditure	Closing balance	Opening balance	Income	Expenditure	Closing balance	Opening balance	Income	Expenditure	Closing balance
72	33	5	100	119	2,550	999	1,670	1,670	1,339	2,077	932
76	692	680	88	91	610	533	168	173	834	789	218
3,51,474	11,34,100	8,17,797	6,67,777	4,03,261	9,68,696	8,06,002	5,65,956	8,51,166	14,27,186	11,68,038	11,10,312
4,687	5,333	5,185	4,835	4,971	3,732	3,779	4,924	6,591	10,244	10,161	6,674
2,06,952	2,87,169	2,17,692	2,76,459	2,76,464	2,61,981	2,33,329	3,05,116	2,96,135	4,52,003	2,97,564	4,50,574
15,697	84,590	74,652	25,635	28,669	75,085	65,810	37,943	29,700	55,413	44,553	40,560
14,406	3,554	7,835	10,125	11,848	13,781	5,239	20,390	20,490	12,424	7,833	25,091
25,977	36,010	27,511	34,476	34,613	54,415	43,897	45,131	55,057	82,452	54,392	83,117
793	180	225	748	481	237	171	907	907	288	246	949
167	525	537	155	155	150	163	143	144	259	335	68
973	14,885	12,549	3,309	1,478	20,483	16,446	5,515	2,176	27,481	21,645	8,012
33,193	27,284	26,616	33,851	28,638	21,855	20,079	30,414	30,170	29,639	26,485	33,324
7,338	11,937	11,099	8,176	7,162	9,580	8,071	8,671	7,649	15,109	12,578	10,280
1,31,685	1,61,154	1,31,643	1,61,196	1,59,159	1,63,829	1,39,306	1,83,682	1,90,136	2,03,902	1,92,353	2,01,685
7,93,490	17,67,446	13,34,036	12,56,900	9,57,109	15,96,984	13,43,824	12,10,620	4,92,164	23,18,681	18,39,049	19,71,796

† Figures relate to 27 unions only.

INDUSTRIAL WORKERS IN INDIA

55. Mr. Vadilal Lallubhai: Will the Honourable Member for Labour please state:

(a) What is the total number of industrial workers in India and their distribution in individual industries including collieries and plantations since 1939 up to date year by year?

(b) What are the monthly earnings of the factory workers in India in different industries since 1939 up to date, year by year, exclusive of dearness allowance and bonus?

(c) What are the figures of dearness allowance and bonus paid to industrial workers in India since 1939 up to date, year by year, according to (i) different industries and (ii) different industrial centres?

(d) Will he please illustrate the effect if any, of war time increase in earnings of industrial workers on the total membership of trade unions and their monetary funds either way?

The Honourable Dr. B. B. Ambedkar: (a) A statement is placed on the table. Statistics for 1945 are not yet available.

(b) A statement showing the figures of monthly average earnings of factory workers during 1939, 1940, 1941 and 1943 is placed on the table. These are inclusive of dearness allowances paid in cash, figures exclusive of these not being available. The figures are only approximate as they are compiled from statistics of total payments made and do not allow for factors like number of working days in the year, number of working hours etc.

Figures of 1942 are not furnished as it is not clear which of the figures available are inclusive of dearness allowances and which are not.

(c) Full information is not available and Government do not consider that the time needed for collecting and tabulating this will be commensurate with the result.

(d) Figures of average earnings of factory workers have been furnished in connection with part (a) of this Question. Statements* showing the membership and general funds of trade unions are placed on the table. Government are not in a position to say whether the increase in membership and in the income is attributable to increased wages or to other causes.

Average daily number of workers employed in British India during 1939-44 classified according to industries

	1939	1940	1941	1942	1943	1944
A. FACTORIES						
Textiles	8,21,561	8,40,745	9,75,193	9,97,083	10,33,905	10,21,374
Food, Drink & Tobacco	2,49,731	2,64,179	2,83,111	2,86,507	2,95,886	2,98,248
Engineering	2,15,545	2,31,962	2,86,980	3,33,972	3,82,537	4,23,095
Ordnance Factories . .	30,709	49,999	76,488	1,13,077	1,31,076	1,58,327
Minerals and Metals . .	55,123	62,357	76,162	82,493	92,694	91,126
Dockyards	4,943	6,501	7,836	10,133	12,525	13,621
Mints	1,836	3,151	4,122	4,866	6,758	7,732
Gins and Presses . . .	1,63,226	1,58,848	1,63,994	1,51,699	1,41,303	1,42,998

*See statements annexed to answer to question No. 54.

	1939	1940	1941	1942	1943	1944
A. FACTORIES—contd.						
Paper & Printing .	56,932	59,018	61,000	61,809	64,957	67,502
Skins and Hides .	12,938	18,136	23,557	29,646	33,703	34,660
Chemicals and Dyes .	57,934	59,241	73,389	74,133	84,485	90,629
Wood, Stone and Glass	53,084	60,287	78,812	83,598	92,180	1,00,409
Miscellaneous .	27,575	30,004	45,733	53,272	64,303	70,530
Total	17,51,137	18,44,428	21,56,377	22,82,288	24,36,312	25,20,251
B. COLLIERIES	2,01,989	9,09,173	2,18,280	2,15,086	2,13,096	2,55,864
C. PLANTATIONS						
Tea*	9,25,237	9,18,354	9,35,141	9,26,272	9,37,897	9,03,649
Rubber†	32,947	31,247	42,555	46,887	52,512	49,736
Coffee‡	1939-40		1940-41	1941-42	1942-43	1943-44
	98,570		99,080	1,06,038	1,62,493	1,53,295

* Figures from 1941 are provisional and subject to revision.

† Figures for 1943 and 1944 are provisional and subject to revision.

‡ Figures from 1941-42 are provisional and subject to revision.

Average monthly earnings of wage earners in the Perennial Factories during the years 1939, 1940, 1941, 1943 and 1944.

Average monthly wages per worker in rupees.

	1939	1940	1941	1943	1944
Textiles .	24.5	25.2	26.2	47.6	52.7
Engineering .	26.0	28.8	31.0	44.1	48.5
Minerals and Metals .	38.6	41.0	39.7	41.8	47.8
Chemicals and Dyes .	20.5	19.1	19.8	33.2	40.4
Paper and Printing .	27.7	30.0	27.1	34.5	39.5
Wood, Stone and Glass	16.2	14.6	16.6	25.3	30.4
Skins and Hides .	24.2	27.3	29.8	34.3	44.3
Ordnance .	30.2	34.0	35.8	44.0	45.6
Mints .	37.6	38.6	40.9	47.9	57.9
Miscellaneous .	23.6	21.8	21.8	32.7	42.8

SHORT NOTICE QUESTIONS AND ANSWERS

OFFICIAL INTERFERENCE IN ELECTIONS

Mr. B. B. Varma: (a) Is the Honourable the Finance Member aware that election for the United Provinces Legislative Assembly for the Indian Commercial Constituency is going on?

12 Noon. (b) Has his attention been drawn to the telegram sent to the senior member of the Central Board of Revenue by the Merchant Chamber of the United Provinces, Cawnpore, complaining of interference by the officers of the Income Tax Department there? Has any action been taken? If not, will the Honourable Member be pleased to issue immediate instructions prohibiting such interference?

The Honourable Sir Archibald Rowlands: (a) Yes.

(b) Yes. Under instructions from the Central Board of Revenue, the Commissioner of Income-tax, United Provinces proceeded immediately to Cawnpore to enquire into the matter. The Secretary to the Chamber from whom the telegram purports to emanate was absent at Calcutta and the President of the Chamber stated that neither he nor the Committee had authorised the issue of the telegram. Nevertheless the Commissioner made full enquiries and I am satisfied that, on the basis of the report submitted by him, there has been no interference, direct or indirect, by the officers of the Income-tax Department in the election concerned. No instructions in this behalf are, therefore, necessary but I would assure the House that Government will not tolerate interference in elections by any public servant.

Mr. B. B. Varma: I have some evidence to show that there has been interference. I do not like to bring in any individual name. I can show you that evidence, if you will make inquiries.

The Honourable Sir Archibald Rowlands: As I said, we had the matter immediately investigated on the spot.

Shri Mohan Lal Saksena: My Honourable friend Mr. Varma has got some evidence to the effect that interference was made by the officials of the Income Tax Department. Will the Honourable Member take that into consideration and make inquiries on the basis of that?

The Honourable Sir Archibald Rowlands: It is alleged evidence. I am prepared to consider it if he will give it to me.

FEAR OF CHANGE IN ARMY POLICY

Mr. M. Asaf Ali: Will the War Secretary be pleased to state whether:

(a) Government have noticed a Press Correspondent's message in the *Hindustan Times* (front page) of 28th February, under the headlines "Reverse Gear In Army Policy Feared";

(b) if so, how far does it represent the true position in respect of (i) the memorandum which is reported to have been prepared by the India Office for the consideration of the British Cabinet, and (ii) the Defence Consultative Committee's functions and the suggested exclusion from the Defence Consultative Committee's consideration of higher policy regarding the future of the Indian Army, Air Force and Navy; and

(c) do Government realise that it is the kind of approach signified by such proposals or suggestions which counteracts the effect of serious and responsible pronouncements about the early transfer of power and breeds distrust and suspicion of solemn promises?

Mr. P. Mason: (a) Yes, Sir.

(b) It does not represent the true position in any way. Government have no information regarding any memorandum on this subject prepared in the India Office but they are in close touch with that office and I am able to state that the views expressed by the Correspondent of the *Hindustan Times* are not those of the Secretary of State or his staff. The intentions of Government regarding the Defence Consultative Committee remain as announced.

(c) Yes, Sir, and they strongly deprecate publication in the Press without verification of mischievous and tendentious news of this nature.

Mr. Manu Subedar: Will the Honourable Member tell this House either now or at an early date when he can make up his mind what the Government's policy is with regard to the specific four points which were raised by this correspondent?

Mr. P. Mason: I have not got the four points with me.

Mr. Manu Subedar: I am not pressing you for an answer now. Will the Government in the course of the next week let us have their considered view with regard to the four specific points which this correspondent put forward.

Mr. P. Mason: If they have not been dealt with already. I think they have all been dealt with already and can say definitely there has been no change of policy.

Mr. M. Asaf Ali: This is only a connected question. I am perfectly satisfied with the repudiation of this kind of tendentious news but may I know when the Defence Consultative Committee is going to meet?

Mr. P. Mason: As early as possible.. Next week, I hope.

Mr. Manu Subedar: I take it from the reply that no differentiation was made between province and province and community and community at the time of demobilization. Now, this particular correspondent's view, as he has been able to gather, is that Government will revive the distinction between martial and non-martial races and will knock down from the army those services which were not previously recruited and which were recruited during the war.

Mr. P. Mason: I am glad to deny any such suggestion. That is not the intention.

Mr. Manu Subedar: Will the Government deal with the specific points which have been raised by this correspondent?

Mr. P. Mason: I have already replied to that I think these points have been dealt with repeatedly. I do not wish to take up the time of the House by saying the same thing over and over again too often.

PROVIDENT FUNDS (AMENDMENT) BILL

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE

Mr. B. C. A. Cook (Government of India: Nominated Official): Sir, I present the Report of the Select Committee on the Bill further to amend the Provident Funds Act, 1925.

ELECTION OF A MEMBER ON INDIAN CENTRAL TOBACCO COMMITTEE

Sir Pheroze Kharegat (Secretary, Agriculture Department): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, one person to represent the consumers on the Indian Central Tobacco Committee, in place of Mr. Satya Narayan Sinha, resigned."

Mr. President: Motion moved:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, one person to represent the consumers on the Indian Central Tobacco Committee, in place of Mr. Satya Narayan Sinha, resigned."

Shri Sri Prakasa (Benares and Gorakhpur Divisions: non-Muhammadian Rural): I should like to know whether the membership will be confined to smokers in the Assembly, as the person elected is to represent consumers. Will a non-smoker too have a chance?

Mr. President: The question is:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, one person to represent the consumers on the Indian Central Tobacco Committee, in place of Mr. Satya Narayan Sinha, resigned."

The motion was adopted.

Mr. President: I have to inform Honourable Members that for the purpose of election of one person to represent the consumers on the Indian Central Tobacco Committee, in place of Mr. Satya Narayan Sinha resigned, the Notice Office will be open to receive nominations up to 12 noon on Friday, the 1st March, 1946, and that the election, if necessary, will be held on Monday, the 4th March. The election, which will be conducted in accordance with the Regulations for 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.

TRADE MARKS (AMENDMENT) BILL

The Honourable Dr. Sir M. Azizul Huque (Commerce Member): I move for leave to introduce a Bill further to amend the Trade Marks Act, 1940.

Mr. President: The question is:

"That leave be granted to introduce a Bill further to amend the Trade Marks Act, 1940."

The motion was adopted.

The Honourable Dr. Sir M. Azizul Huque: Sir, I introduce the Bill.

INSURANCE (AMENDMENT) BILL

Mr. President: We will now proceed to the consideration of the Insurance Bill Clause 20 is the only clause to be considered now.

The Honourable Dr. Sir M. Azizul Huque (Commerce Member): I understand that there is no desire on the part of my Honourable friends on the other side to take away the provision in connection with the Married Women's Property Act as it has been drafted in the Select Committee. If that is so, then I can shorten the debate by just speaking a few words.

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor: Non-Muhammadan Rural): The Honourable Member ought not to anticipate our decision. The House may ultimately decide one way or the other. It is a very important point and the discussion on this matter ought not to be shut up.

The Honourable Dr. Sir M. Azizul Huque: Nobody says that the discussion should be shut up. So far as I remember, Mr. Abdur Rahman Siddiqi was actually speaking on this clause when the debate was adjourned.

Mr. Abdur Rahman Siddiqi (Calcutta and Suburbs: Muhammadan Urban): Mr. President, Sir, I was given to understand that the Honourable Members to my right and the Honourable the Commerce Member had come to a settlement on the various amendments that were going to be moved and therefore I have decided not to continue what little I had to say on the subject. But I am flabbergasted, to use a colloquism. . . .

Mr. President: The position is not clear to me. Is there any agreement that clause 20 should be deleted?

The Honourable Dr. Sir M. Azizul Huque: No, Sir. The clause will exactly stand as it is reported by the Select Committee. That was the understanding. You will remember that there was no amendment to this clause. The discussion is going on on the clause itself. So, there will be no negative vote to the clause itself.

Mr. President: If there has been really an agreement on the point, there is no question of any discussion and thus taking up the time of the House.

Shri Sarat Chandra Bose (Calcutta: Non-Muhammadan Urban): We have expressed our willingness to accept Clause 20 as it stands.

Mr. President: If that is so, I do not see any necessity of discussing the clause any further and I will put the clause to the House.

The Honourable Dr. Sir M. Azizul Huque: There is only one point on which I must say something. Some of the Honourable Members wanted some assurance and I think it is but fair that I should give an assurance on the floor of the House that action will be taken by rules or by such other changes as may be deemed necessary to make the difference between the Married Women's Property Act and the Insurance Act known to every policy holder.

The second thing is that an assurance is wanted by my Honourable friend Mr. Ananthasayanam Ayyangar and a few others that a few years later an actuary will be actually appointed as superintendent. Life is short for everybody and what will happen in 1951 may be discussed by my friend Mr. Ananthasayanam Ayyangar at that stage.

Sri M. Ananthasayanam Ayyangar: The Honourable Member need not appoint an actuary. I have sufficient experience now.

The Honourable Dr. Sir M. Azizul Huque: Suffice it be for me if I can carry on the work of the day and what will happen in 1951 can be left to be decided then. So far as the present intentions of the Government are concerned, if there is any desire on the part of the Government to change, Government will have to come before the Legislature. They will not be able to do otherwise and will have as the law will stand to appoint an actuary after that period.

Mr. President: I could not follow the position as regards the Married Women's Property Act.

The Honourable Dr. Sir M. Azizul Huque: If this clause stands as is in the Select Committee report, every policy-holder will have the option to nominate either under the provisions of the Married Women's Property Act or under the Insurance Act. If it is under the Insurance Act, he has got much more freedom. That position is not quite clear just now and the law will make it clear. Not only the law will make it clear but it may be brought to the notice of everybody at the time of insurance that he has got an option if he wants to nominate whether he will come under the Married Women's Property Act or under the Insurance Act.

Mr. Leslie Gwilt (Bombay: European): The point I wished to make is that it should be brought to the attention of the assured at the time when he states that he wishes to nominate his policy and I suggest that therein lies a time distinction. If it is brought to the attention of everybody when he insures his life, I do not think it will have the same effect as it will have if it is brought to the attention of an assured specially at the time that he wishes to nominate his policy. That is the point I wish to drive.

The Honourable Dr. Sir M. Azizul Huque: That is exactly the intention.

Shri Sri Prakasa (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Probably it would be best if my Honourable friend the Commerce Member could in a few words explain to the House the position as it is today and the position as it will be after we have accepted this clause. I am in perfect agreement with him that we accept this clause and I support my Honourable friend. But I do not want the impression to remain in the minds of anybody that any agreement has been come to behind the back of this House because of which further discussion is not taking place. My Honourable friend will not take more than two or three minutes to explain the exact position and I think we shall then be satisfied.

Mr. President: I must state the difficulty which I have been feeling so far as this piece of legislation is concerned. I am not yet clear as to how any assurance given even by responsible Ministers on the floor of the House will be of any avail so far as the interpretation of the law is concerned.

The Honourable Dr. Sir M. Azizul Huque: There will be no ambiguity.

Mr. President: I do not know what the merits are. If the parties are clear on that point, I should not intervene at all. But I thought the question was about the interpretation of two different Acts and of liberty to be reserved to

[Mr. President]

the assurant to have advantage either of this or of that. I really do not know how far it is competent under the law, but I would like to draw the attention of the House that any assurance on the floor of the House, if it is not legally covered, will be of no avail. In that case, the assurance will have to go a little further, namely, that the Government will examine the legal position and will introduce, if necessary, legislation to give effect to that assurance.

The Honourable Dr. Sir M. Azizul Huque: Perhaps if I may explain, following the suggestion of my Honourable friend Mr. Sri Prakasa, the position will be quite clear. It is necessary for that purpose to bring before the House section 39 of the present Insurance Act. The present position is that by sub-clause (7) of section 39 the policy holder has a right to nominate. There is also a clause which says that the provisions of this section shall not apply to any policy of life insurance to which section 6 of the Married Women's Property Act applies. The position is that at the time when this Insurance Act was passed—and this will be quite clear from the notes on the clauses in the Statement of Objects and Reasons—, it was intended that the right of nomination by a policy holder should be free and unrestricted under the Insurance Act. In other words, if he nominates a person, no other law will intervene. Speaking generally, this question was considered in the Select Committee and in order to make it further clear they said that whereas the right under the Insurance Act by a policy holder to nominate will remain, if a man wants to exercise that right under the Married Women's Property Act, that right should not be touched. The question comes now as to the conflict between these two. He has a right to nominate under the Married Women's Property Act and he has a right to nominate under the Indian Insurance Act. The question is whether one overlaps the other. The intention of the Legislature at that time was perfectly clear. They wanted to keep these two absolutely separate. In other words, they wanted to preserve the right of any person to nominate under the Married Women's Property Act if he wished to, and if he did exercise that right, then any nomination becomes an irrevocable trust in favour of the wife or the children. Having done that, comes now the Insurance Act. A man nominates not under the Married Women's Property Act but he nominates under the Insurance Act. If he does so, it has been interpreted that even if he nominates actually under the Insurance Act, he comes within the provisions of the Married Women's Property Act if it is in favour of wife and child. Therefore, the very purpose, namely the unrestricted right of a man assured to nominate under the Insurance Act was frustrated by this interpretation, namely, even though he exercises his right under the Indian Insurance Act, he automatically draws in the restriction of the Married Women's Property Act. That point has now been made clear. The present provision intends really to carry out the effect of that Insurance Act, 1938, namely, that if a man makes it clear that he does it under the Insurance Act, it will be under the Insurance Act, and his privileges and liabilities will be under the Insurance Act. But at the time when the man nominates, if he says that he will not do under the Insurance Act, but under the Married Women's Property Act, then his right will continue to be governed by the Married Women's Property Act. Then, Mr. Gwilt's question comes in that it was intended that he should have the separate right. The previous interpretation made it ambiguous and now the law makes it clear that he will have every right either under the Married Women's Property Act or under the Insurance Act. It has been suggested that he must know what are his rights at the time when he nominates. That question is merely a question of a little change in form, it has nothing to do with any future legislation. The present law will make this position absolutely clear, namely, if I want to nominate under the Insurance Act, then I will be governed by the Indian Insurance Act, and the Married Women's Property Act will not apply; if I want to nominate under the Married Women's Property Act, and if I do so specifically, then I will be governed by the Married Women's Property Act. In other words, without specifically mentioning it, I was till

now controlled by the Married Women's Property Act, and now I have got to make it quite clear whether I want 'A' or 'B'. If I want 'A', it will be 'A', if I want 'B', it will be 'B', but the present position is if I do it under 'A', I will be controlled by 'B'. That position will go away. I believe I have tried to explain clearly. This law is aimed and actually carries into effect the very intention which was behind the Indian Insurance Act, 1938.

Shri Sri Prakasa: I want to get one point clear. Am I to understand that if a policy holder chooses to nominate his wife or children under section 6 of the Married Women's Property Act, he cannot change over afterwards to section 39 of the Insurance Act?

The Honourable Dr. Sir M. Azizul Huque: That is quite clear, because the Married Women's Property Act is an Act which we are not touching and if he exercises that right under the Married Women's Property Act, he can specifically make it clear that he is doing so. Then the position will be that he cannot change over to the Insurance Act. But if he does it under the Insurance Act, then he can change.

Shri Sarat Chandra Bose: Sir, may I be permitted to throw a little light on the matter? Reference has been made by the Honourable Member in charge of the Bill to the previous intention of the legislature. As regards that, there is room for difference of opinion. I do not propose to enter into any discussion about that. This House has heard the speech of my Honourable friend Mr. Neogy and certain other speeches that were made. I was asked to apply my mind to this clause; and I do consider it would be better from the point of view of the family, not merely from the point of view of the husband, that the husband should be given an option in the matter. Let the husband apply his mind at the start as to whether he wishes to invoke the aid of section 6 of the Married Women's Property Act or whether he wishes to nominate under the Insurance Act. In the first case, of course, the position will be that a trust will automatically be created and no change can be permitted. In the latter case, that is to say, if he wishes to nominate under the Insurance Act, he will be free to change his nomination, if he so desires. I think, Sir, on the whole, it would be better to give the husband the right of option. Looking at the matter from a broad point of view and also, if I may add, from the psychological point of view. I think the present clause is desirable both from the point of view of the husband and from the point of view of the family.

Mr. Leslie Gwilt: Sir, one question, I should like to ask. In view of the assurance given by the Honourable the Commerce Member, would he be good enough to inform the House whether he has considered the method whereby he is going to draw the attention of the assured to the choice that he has in the matter at the time when he states he wishes to nominate his policy. I take it, that it will be laid down in the Rules, but there should, I suggest, be some method, whereby the insurance company should specifically draw the attention of the assured.

The Honourable Dr. Sir M. Azizul Huque: We have not considered the details. But I am quite prepared as soon as the details are examined, to place them before the Standing Committee for the Commerce Department.

Mr. Abdur Rahman Siddiqi: May I just add one word from the administrative point of view. When the Agent goes and induces somebody to get himself insured, he can bring this point to the notice of the man. The companies may print two different sets of policies, or there may be clauses stuck on to policies. If the man wants to take advantage of section 6 of the Married Woman's Property Act, that clause can be added. If he wants to take advantage of the Insurance Act, then the policy remains normal. That is a very small affair. The main point was one of principle.

Sri T. V. Satakopachari (Tanjore cum Trichinopoly: Non-Muhammadan Rural): Sir, in the language, I wish to submit.....

Mr. President: I do not think any further discussion is necessary on this matter. The matter has been agreed to and nothing further need be done. The

[Mr. President] only point of difficulty which I was feeling was about the possible conflict in the two pieces of legislation so that an assurance given by a Minister would not help the assured when the matter goes before a court of law on the question of interpretation. That is why I put it to him that the question may be examined further and if necessary, legislation may be brought in. As regards the merits, I am absolutely innocent and I do not propose to judge whether the present piece of legislation does represent the real position. Now, the only thing that remains to be done is to put clause 20 to the House.

The question is:

"That clause 20 stand part of the Bill."

The motion was adopted.

Clause 20 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Dr. Sir M. Azizul Huque: Sir, I move:

"That the Bill as amended be passed."

Sir, I do not wish to take up any time of the House. But in doing so, I want to make it quite clear that my Honourable friend Mr. Ayyangar's amendment which had been adopted by the House, after Division, means exactly the opposite of what my Honourable friend intended. The Government would consider the question in consultation with Party Leaders as to what can be done at a later stage. Sir, I move.

Mr. President: Motion moved:

"That the Bill as amended be passed."

Sri M. Ananthasayanam Ayyangar: Sir, I should like to say a few words at the third reading of the Bill. It is true that with respect to the exemption that the Co-operative Societies had under the old Act of 1938, they were allowed to issue policies without any upper limit or lower limit from one rupee to infinity. That provision was sought to be removed or restricted under the Bill. Therefore we wanted to retain the old exemption. But in doing so, two words 'not being' which were in the original Act were omitted. It is an error. It may be rectified and this House has ample power to rectify it, if not it can be taken to the other House and a clerical mistake can be rectified and it can come back here. With regard to Married Women's property Act, the general opinion is that this clause ought to be there and the option ought to be given. My Honourable friend has been asked to give certain assurances and print them on the form or otherwise indicate with due provision in the rules that in the one case, it would be open to the husband to make the nomination either under the Married Women's Property Act or under section 39 of the Insurance Act. I submit the consequences also ought to be told to the assured, so that he may choose the one or the other. I would request my Honourable friend to bring it to his notice that in addition to other consequences, that is, creating a trust in favour of wife or children and not being entitled to reopen the trust if he wants to, in the other case, it is open to him to deal with it as he likes. I would also request him to make it clear that if he makes a nomination under the Married Women's Property Act he will place the fund out of the reach of creditors. In the other case even from the start it will be open to the creditors to touch it. Therefore the man must know both sides of the question. There are two difficulties; or, there is one advantage and there is one difficulty. If an assured makes a nomination under the Married Women's Property Act he can no longer deal with it. To that extent there is restriction on his own movement.

Mr. President: I am afraid this is again a discussion on the same question that was raised on clause 20.

Mr. Manu Subedar (Indian Merchants Chamber and Bureau: Indian Commence): Sir, the Honourable Member is making a new suggestion as to

what should be included in the policy and what choice is to be given to the assured.

Mr. President: It may be a new suggestion but I am not quite clear whether it is covered by the scope of the discussion on the third reading. There has been no amendment to clause 20 and I think the scope is to be restricted to the amendments made. If the Honourable Member has to make any suggestion he can make them to the Government at any other time and place, but not during the course of this discussion. That is my reaction to the trend of the Honourable Member's speech; because, otherwise, in the guise of further new suggestions with reference to how the policy should be put through we shall again start a discussion on clause 20.

Sri M. Ananthasayanam Ayyangar: I submit that this point may be raised on the third reading and that it is open to a Member to generally submit to the House what the effect of the Bill is, how we have amended it and what the consequences are. I may be in the minority still, but I expect that some day somebody will take up this question. I submit that all these are relevant on the third reading of a Bill, and in my experience of the House for ten years, this has always been allowed.

Mr. President: It is of course competent to the House to reject a Bill even at the third reading and therefore to comment on the Bill as a whole. But it is entirely different from going into details and repeating a discussion which has already taken place.

Sri M. Ananthasayanam Ayyangar: Sir is it not open to me to submit that this is such a vital point that once again I must appeal to the House to accept it? If they do accept it the whole Bill may be thrown out. I am pointing out the difference about this matter. The Honourable Member gave an assurance which you heard, though ultimately you said that this assurance did not form part of the Bill or the Act. The assurance related to what is to be done. I am only asking him to place both sides of the question to the assured; one, that if he makes an assurance under the Married Women's Property Act it is true he will be tied down and he cannot interfere with the policy. But I request him to place the other side also, that he will be protecting the property from the reach of creditors. That is all that I want.

Pandit Govind Malaviya (Allahabad and Jhansi Divisions: Non-Muhamadan Rural): Sir, this Bill which we have had before the House for some time has now come to its final stage; and before we pass it I should like to make a few observations on it. Insurance in this country has developed and increased appreciably in the last few years, but a feature of it has been that the bulk of that increased insurance has gone, comparatively speaking to a few large companies, and the total *per capita* increase in insurance in the country is not very high. That is an important feature which should engage the attention of the department of Government which deals with insurance. In that relation, Sir, the clause of the Bill relating to the Superintendent of Insurance assumes a very great importance. Insurance has rightly been called the backbone of the economic life of a country, and if we have to develop that aspect of life in this country properly, the Superintendent of Insurance will have to see—that is one of his main functions—that insurance develops in this country not only on right lines but also quickly and to the proper extent. This Bill, Sir, as it is, goes rightly for making such rules as would enable the Superintendent of Insurance and the department of Government concerned to see that insurance companies run on proper lines. We all agree therefore with the provisions of the Bill to that extent. But I wish to submit that there is another aspect of it also, and that is the development of insurance in India, which unfortunately has not so far received the attention that it deserves. I therefore feel, Sir, and I wish to repeat it here today, that the choice of a Superintendent should not have been restricted as it has been. It should have been laid down, on the contrary, that he should be a person who had actual experience of insurance business, so that he would know the difficulties and the obstacles which stand in the way of progress of insurance in the country, and

[Pandit Govind Malaviya]

who can deal with it in a manner which will be in the best interests of the country as a whole. But I suppose the cumulative wisdom of the House must be right and I hope the results will falsify my fears and at the end of the next few years the Superintendent of Insurance will be able to claim very substantial progress in that direction also.

The other feature to which I wish to refer once more is the provisions which this Bill has regarding the insurance agents. I cannot help feeling that the Bill does not move in the right direction. The agents are the foundations upon whom insurance business rests. I know, it is true, that for some of the bigger companies in this country it does not matter very much whether the agents are satisfied or not. But if insurance has not developed in this country to the extent to which it should have, one of the main reasons is that we have not the right sort of agent, and, when there is the right sort of agent he does not get proper encouragement in his work. As I said once before, the insurance agent in this country is looked down upon. He is treated as something not very pleasant and not very welcome. But in actual fact, as I said, I at least am one of those who believe, that the agent renders one of the most important and useful social services to the people and to society. I cannot allow this Bill to be passed without once again recording my view that the clauses relating to the payment of commission to those agents, who might revive policies, only up to half of what the original agent would have got, are wrong, and that the general and sweeping ban placed against agents becoming directors of insurance companies is a step in the retrograde direction. I say so deliberately, because I know from practical experience of Directing Insurance Business that no other class of persons is better qualified to help in the carrying on of insurance business in India than the field workers in insurance who know the difficulties and how they are to be met, and who are therefore best qualified to advise how one can proceed in order that the business may flourish. Therefore, Sir, I wish again to submit to the House that it is a retrograde step that we are taking in introducing a general ban against all agents as such. I can understand an agent being not permitted to be a director of the company with which he himself may be concerned because, that may create administrative difficulties. But to say that no agent should be on the directorate of any company whatsoever is, I feel, not the correct thing to do.

Another thing which I should like to mention is that we have put down certain clauses—and they are healthy clauses which we welcome—about keeping the assets of companies with regard to the life fund and the general side separate and distinct from one another. That is a very welcome thing, but I would urge upon the Government the necessity of considering whether they should not carry this a little further, and ensure by rules or in any other manner by which it may be possible, that general companies should not be able to debit any portion of the actual cost of their management and procurement of business in Life Department, to the head of their general office, thereby putting other Life offices, which are not doing general business, at a disadvantage, by showing a lower expense ratio than they actually incur. That is a point which I should like to submit for the consideration of the Superintendent of Insurance, and I hope he will be able to find ways to meet that.

Another thing which I wanted to say was that the Superintendent of Insurance under this Bill and the original Bill has, with the best of purposes and intentions, been invested with almost unlimited powers. They might all be very helpful and good so long as those powers remain in the hands of an experienced Superintendent of Insurance like the one we have today, but in principle, Sir, I feel that it is wrong to invest the Superintendent of Insurance with all those Nadir Shahi powers which he will possess under this Bill. There is absolutely no clause, there is no provision for any appeal ordinarily speaking.—I am not talking of the right of appeal which everyone can always have before a Court of Law—, but otherwise there is no provision, there is no clause for any appeal against any decision or any order which the Superintendent of Insurance may enforce. I have no doubt that the Superintendent of Insurance

will take care individually as far as he can, only to pass orders which will be for the good of insurance generally, but no human being is infallible and it is a poor consolation that even though an order may actually put difficulties in the way of some companies and some people, the only recourse that they would have against it would be to go through the lengthy and doubtful process of proceeding through a law Court. I therefore submit, not in any spirit of opposition, but in a constructive spirit, I submit for the consideration of the Government that there should be clauses in the Bill which would enable an aggrieved party to go in appeal for further consideration of an order or decision of the Superintendent of Insurance.

Sir Cowasjee Jehangir (Nominated Non-Official): Appeal to whom?

Pandit Govind Malaviya: That is for the Government to suggest; it may be some committee, with members of this house on it, or it may at least be the Government member concerned: I am not making suggestions. I am only talking about the general need of some provision for appeal, because the Honourable the President has said that we cannot make new suggestions.

Therefore, I submit,—and I say these things particularly in view of the fact that in the near future another more comprehensive Bill regarding insurance is being brought forward by the Government—I submit that the Government should take these points into consideration.

Sir, the final point which I should like to mention is that the Government should consider whether, after all, the very best thing for us to do in this country, constituted as we are, would not be to nationalize insurance as a whole. That point has been mentioned before, but, Sir, I want to put it from a point of view which will meet our practical requirements. The *per capita* Insurance in India, we know is very, very low. And, apart from other reasons, the main reason for it is that the economic level of the people in this country is equally low. I know that. Therefore, some way has to be found, by which, notwithstanding that low economic level of the people, we should be able to afford to them the benefits of insurance which are considered essential in any civilized state today. We have all read of the strides which other countries have been making in those directions. Look at the provisions that have been made in England for insurance. The multilateral 'cradle to grave' insurance scheme, that they have adopted. For what a small payment . . .

Mr. President: Does the Honourable Member propose to go into details of this question of nationalization of insurance? If that is so, it would not be within the scope of the present Bill.

Pandit Govind Malaviya: No, Sir. I will just finish. Therefore, I feel, without going into details of that question, that ways can be found to meet the special conditions prevailing in this country. If we have all insurance companies managed by the state and run for the benefit of the people, if we drop the system of having policies to which profits are to be added, which in other words, is more or less a commercial speculative item, if we have policies without profits and, under proper rules, without medical examination, if we have statutory laws enforcing that every person who earns should have a policy and every familyman must have a policy, if we ruthlessly cut down the expenses of Insurance Houses and the procuration cost that we have to pay today, I feel that we can provide insurance for everyone of the poor and the rich in this country at . . .

Mr. President: I am afraid the Honourable Member is going into too general questions. He will restrict himself only to the Bill as has come up before the House.

Pandit Govind Malaviya: All right, Sir. So, I submit, Sir, that these are points which the Government should take into account. This Bill, as I have said, is mainly on right lines, but I hope Government will take into consideration the points that we have raised and will be able to provide a law which will help to develop insurance in India to the fullest possible extent.

[Pandit Govind Malaviya]

With these general observations, Sir, I support the passing of the Bill which is now before us.

Mr. Abdur Rahman Siddiqi: Mr. President. We have wandered a good deal away from a mere amending Bill of only a few sections . . .

Pandit Govind Malaviya: Talking from your position?

Mr. Abdur Rahman Siddiqi: I consider the remark made by the Honourable Member who just spoke before me as rather low and undignified. We talk here not in the selfish way as he has tried to do perhaps and he judges others by his own standards, but . . .

Pandit Govind Malaviya: On a point of personal question, may I know what was my remark to which the Honourable Member is referring?

Mr. Abdur Rahman Siddiqi: Sir, I refuse to repeat it. He knows what he has said and he knows what I told him, and I hope he will understand what I have told him.

Pandit Govind Malaviya: I hope he will understand that himself.

Mr. Abdur Rahman Siddiqi: Efforts have been made to make distinctions between big and small companies. That is again not a straight point of view to look at things. A company becomes great . . .

Pandit Govind Malaviya: On a point of order, Sir. I seek the protection of the Chair. If one Honourable Member of this House makes a personal remark and accuses another man of making remarks in a selfish manner and in a low manner, I ask you, Sir, to give a ruling whether the member is within his rights unless he is prepared to substantiate it?

Mr. President: I have been always appealing to the Members of this House not to interrupt nor even to pass remarks while other Members are speaking. If that course is followed more scrupulously such occasions will not arise. Unfortunately, an occasion has arisen. Unfortunately, I did not hear the words which one Honourable Member is alleged by another Honourable Member to have uttered.

Pandit Govind Malaviya: I want him to repeat it.

Mr. President: Order, order. A further thing is that the Honourable Member who spoke the words has spoken generally and I do not know whether the whole House knew who that Honourable Member was.

Shri Mohan Lal Saksena (Lucknow Division: Non-Muhammadian Rural): He said the Honourable Member who has spoken before me.

Mr. President: But I did not hear the words at all.

Sir Cowasjee Jehangir (Nominated Non-Official): Mr. President, nobody knows what they are quarrelling about!

(Interruptions.)

Mr. President: I must say one thing, that it would not be proper for one Honourable Member to say about another Honourable Member that he is either selfish or low. It would not be proper at all. It would be unparliamentary to say so and I trust Honourable Members will in future speak with restraint and not give expressions to such views. I think this expression of disapproval should be sufficient for the occasion and the Honourable Member may now proceed.

Pandit Govind Malaviya: I bow to your ruling.

Mr. President: As regards the other question, the scope of discussion, I have been trying to impress upon Honourable Members the real scope of discussion. The position of the Chair to control a debate in that direction becomes very difficult, difficult not in the sense that the Chair can not call upon a Member to sit down. Not that way. Unless a Member has spoken, it is difficult to say whether what he is going to speak is going to be relevant or outside the scope; and by the time he is known to be outside the scope, he has already

spoken. That is the difficulty. So I earnestly solicit the co-operation of all Members just to realise the scope of the discussion and not to go beyond the scope. Simply because one Member has gone beyond the scope, the others should not do so; because he will be setting an example which he himself does not favour. So I appeal to all Members to limit themselves strictly to the scope of discussion. The Honourable Member can now carry on.

Mr. Abdur Rahman Siddiqi: I bow to your ruling and my only sorrow is that the earlier remark was not heard by the Chair.

Mr. President: That chapter is closed. The Honourable Member will now proceed with his speech.

Pandit Govind Malaviya: I will again rise to a point of order.

Mr. President: A decision has been given that the chapter is closed and that the Honourable Member will proceed with his speech.

Mr. Abdur Rahman Siddiqi: If he wants an apology I offer a thousand apologies. It has been asserted that it is the duty of the Superintendent of Insurance to extend the scope of Indian Insurance and develop it. My own feeling is that until we have entered into the sphere of nationalization that work should be done by insurance companies and that company will succeed which can do it technically and administratively in a better way. I was going to repudiate some of the points raised, but so far as the Honourable Member from the Ceded Districts and Chittoor is concerned, may I point out that the general principle of jurisprudence is *caveat emptor*: in our Indian language "kharidar hoshiar bash". If you want a policy you must understand what you want. You must have a mind of your own. The agent may explain things to you but in order to be fully satisfied, nobody from amongst my colleagues in this House has suggested, he should consult his vakil or solicitor and then neither the agent nor the company can deceive him. But as I explained earlier, the agent will tell him: Do you want to come under the Married Women's Property Act or under the Insurance Act. It is a permissive clause. He has to choose. The agent can only explain things to him. But finally it will be he who will choose and therefore to throw the responsibility of it either on the agents or on the company is not fair. The only point I would ask the Honourable the Commerce Member to consider now that the Bill has reached the final stage, is to begin the second attempt he is going to make in the field of insurance and to tell us that it will not go beyond the term of the present session, because that is more important than this Bill.

Shri Sri Prakasa: I should like with your permission to offer my congratulations to the Honourable the Commerce Member for successfully piloting this Bill. On this occasion I cannot but regret that the father of this piece of legislation, the late Sir Nripendra Sircar is neither in this House nor unfortunately in this world, otherwise it would have rejoiced his heart to know that we have not forgotten his great work nor him and that we are trying every day to improve on what he has done.

My Honourable friend, Mr. Chapman-Mortimer, the other day paid a fitting tribute to the late Sir Nripendra Sircar. Though as a rule an Englishman is not an emotional person, he actually broke down when he was referring to that great man. Sir, my own respect for the late Sir Nripendra Sircar was as great as that of Mr. Chapman-Mortimer's. Mr. Chapman-Mortimer said that Sir Nripendra Sircar had the unique quality of being able to win the sympathies of all parties in this House; and he referred to the Congress benches and he referred to the Muslim League benches. A characteristic of Nripendra Sircar was that not only he won the Congress benches and the Muslim League benches but he won the European benches as well; and it was with the active assistance of the all sections of the House that the Bill was placed on the Statute Book.

Coming, Sir, to this Bill which is before us today, I should like to say that I hope my Honourable friend the Commerce Member will take advantage of the grammatical mistake in Clause 5, referred to by him; and if possible reopen

[Shri Sri Prakasa]

the whole question. We have three sorts of institutions to deal with: the provident societies, the co-operative life insurance societies; and the insurance companies. It was the desire of the Select Committee to place the co-operative life insurance societies on the same level as the insurance companies. As a matter of fact, at the present moment, the cooperative life insurance societies enjoy the privilege of being able, when they like, to be a provident society and, when they like, to be an insurance company. They have the advantage of being able to compete with both, so to say. I think they should choose one or the other, and it would be best if the cooperative life insurance societies were placed on the same level as ordinary insurance companies, so that they could not do business of less than Rs. 1,000, while provident societies will do business up to Rs. 900.

Sir, we have also this morning disposed of Clause 20 of the Bill. I am very glad that an agreement was reached in that behalf, because now the policyholder will have the privilege of choosing between the Transfer of Property Act on the one hand and the Insurance Act on the other, and the confusion that has been arising so far regarding the exact implications of his nomination of his wife or children will no more take place. As the Commerce Member has explained, it is up to the policyholder to nominate in the very beginning his wife; and if he does this, he, so to say, cuts his hand off. He cannot change the nomination any further. But if he nominates under the Insurance Act, he will have the advantage of changing his opinions later on and assigning the policy to whomever he pleases, whether his wife or someone else.

Lastly, I should like to explain one further point which I fear has been troubling my Honourable friend, Pandit Govind Malaviya. He wanted—and he pressed his point very forcibly—that the agents of one company should be able to be directors of another company. I personally think that this is wrong in principle. It is something like saying that the wife of one man could be the mistress of another. That will create a great deal of confusion, and a situation which Pandit Malaviya himself will not like.

1 P.M.

However desirable a young lady may be, she will have, as society goes, to limit her affections to one person and one person only. If an agent wants to serve only one company let him serve it. Let him not suffer from divided loyalties by becoming also the director of another company.

Pandit Govind Malaviya: May I be forgiven for suggesting to my Honourable friend Sri Prakasa that the analogy may be more like the wife of one person helping another person's wife in a maternity case?

Sjt. N. V. Gadgil (Bombay Central Division: Non-Muhammadan Rural): From insurance to maternity this is not permitted.

Shri Sri Prakasa: I have no doubt that a little further thought will convince my friend that it is best for an agent to stick to one company. It is in the interest of the agent, it is in the interest of the company. If he really does not want to be an agent of any one particular company and he wants to be the director of another, then the option is before him. He should resign the agency of the one and become the director of the other.

I think, looking at the Bill as a whole that it is a very sound and good piece of legislation; and my Honourable friend the Commerce Member deserves the congratulations of the House and every single member thereof. The Honourable Member has assured us that he has in view a bigger Bill; and we are all looking forward to the shape and size of that Bill. I do hope that when that Bill comes before us it will find ready acceptance at the hands of the House, for so far as we have known, the present Commerce Member means well by the country and by society in general.

The Honourable Dr. Sir M. Azizul Huque: Sir, I won't take much time of the House and I will finish before Lunch.

I share the same feelings as Honourable Members opposite as regards the great work of the late Sir Nripendra Nath Sircar. I was not present at that

time in the House but when I read the monumental work that was done, I was amazed at his energy and ability.

I also wish in this connection to take the opportunity of paying my tribute to Mr. Sushil Sen, who breathed his last only last week. He also was of the greatest assistance and by his devotion to work and zeal he was able to put together all the points that were necessary for bringing this Bill before the House and I feel sure that every member of the House will join with me in expressing our deep sense of sorrow at his sudden and untimely death only last week.

I do not wish to traverse the points which, I thought, were bordering outside the scope of this legislation. Being eminently a practical man my friend Mr. Malaviya referred to several points but when I was hearing them one after another I was reminded of the definition of a point in Euclid's Geometry. A point is defined as that which has position but no magnitude. I thought he placed before me some points which had position but the magnitude is of such a character that I feel that during the short time that I have at my disposal it is almost impossible to tackle them, not that I am not in favour of some of them, not that I do not share some of his desires relating to state of things but I feel as a practical man, which he himself says he is, it is time that we should take stock of the existing position in the country and proceed cautiously.

Nationalisation has been mentioned over and over again. I have made it quite clear that I am in full sympathy but I feel that we should know the economic and political shape of the country before this question of nationalisation can be satisfactorily solved. I do not say anything more except this, that I am grateful to the Honourable Members of the House for the support which they have given to this Bill. I do hope it will be possible for me to introduce the other Bill as soon as I can.

Mr. President: The question is:

"That the Bill as amended be passed."

The motion was adopted.

DEMANDS FOR SUPPLEMENTARY GRANTS—RAILWAYS

DEMAND No. 1—RAILWAY BOARD

Mr. A. C. Turner (Government of India: Nominated Official): Sir, I move:

"That a supplementary sum, not exceeding Rs. 5,15,000 be granted to the Governor General-in-Council, to defray the charges which will come in course of payment during the year ending 31st March, 1946, in respect of 'Railway Board'."

Mr. President: Motion moved:

"That a supplementary sum, not exceeding Rs. 5,15,000 be granted to the Governor General-in-Council, to defray the charges which will come in course of payment during the year ending 31st March, 1946, in respect of 'Railway Board'."

Sir Mohammad Yamin Khan (Agra Division: Muhammadan Rural): Sir, I oppose this grant being given on the ground that I find in the Supplementary Grants there is no supplementary grant for Demand No. 12. We found that last year only 6 lakhs were provided for and this year we find that 1,18,68,000 have been misappropriated under that head. My Honourable friend may say that it is appropriation but I say that this sum has been misappropriated. This House has been treated very badly by Government by not bringing and not explaining on what account has this expenditure been incurred. I think the Honourable Member has treated this House very badly and in the most unconstitutional manner.

The Honourable Sir Abdur Rahim two or three years ago had given a ruling that if a sum is provided for in the Budget and a bigger sum exceeding that amount which has been spent is brought as Supplementary Demand, then the Railway Board must come with a full explanatory statement showing why this sum has been spent. We can understand a supplementary grant if a crore

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of rupees had been provided for in the original budget and a few lakhs had been spent in excess of that sum: but it is highly objectionable that a small sum is provided originally and on the backing of that small sum a very huge sum is spent by the Department and that Department says that it is not willing even to show to the House or to the Committee on what account this sum has been spent. I have never seen this in this House. It is for the first time

The Honourable Sir Edward Benthall (Member for Railways and War Transport): May I ask the Honourable Member when anybody said that, when anybody has refused to discuss it?

Sir Mohammad Yamin Khan: The Honourable Member himself. I have got his statement in my hand. I asked if he is bringing this before the House as a supplementary grant, and the Honourable Member said 'No'. I asked "Why not?" He said "Because last year this has been provided for." Last year, Sir, there was only 6 lakhs. Then he says that it was the sum which was provided for because he said "We will go ahead." I have shown that "Go ahead" was given to him to negotiate with the provinces, and this House never authorised him to go ahead and spend as much money as he has done. In this House a sum of Rs 6 lakhs was put forward surreptitiously and smuggled in, which nobody knows why it was given: no explanatory note was put before the Standing Finance Committee for this Rs. 6 lakhs or what they were intended for; and this House expressed the opinion that this should not be allowed. Those 82 lakhs which we wrongly cut down was really meant for this 6 lakhs to be cut down; and when the Honourable Member came with a **supplementary demand for 82 lakhs, he did not ask for this, that the 6 lakhs which was under head 12 should be magnified into 118 lakhs of rupees.** This is the way the House is treated: this is the manner in which

Mr. A. C. Turner: Sir, may I rise to a point of order? We are considering a supplementary estimate under Demand No. 1 and this objection relates to Demand No. 12 under which no Supplementary Demand is being presented.

Sir Mohammad Yamin Khan: I am giving this as a reason why I am refusing to consider even that anything should be given to the Railway Board.

Mr. M. Asaf Ali (Delhi: General): Since a point of order has been raised, I should just like to ask a question or two of the Honourable the Railway Member. My friend the Deputy Speaker is, I take it, talking of the first Demand. Here we have got about 11 demands for grants, and the total sum comes to somewhere near 4 crores, if I am not mistaken

An Honourable Member: 13 crores.

Mr. M. Asaf Ali: We do not know whether this means excess or fresh works. No explanation is forthcoming. On the order paper here they put down only "Audit" or "Railway Board" or "Miscellaneous Expenditure" and so on. If it is excess I can understand it. But excess must always be within reasonable limits. If it is in respect of fresh undertakings the whole matter ought to go to the Standing Finance Committee and come here afterwards. I wonder whether the Honourable Member has given even an inkling of these supplementary demands in his budget speech. He has shown certain revenues; he has not shown how much money has already been eaten away. It is an extraordinary state of affairs. We must know exactly what is meant by these supplementary demands under these circumstances; and I should like to have a general explanation before we proceed any further.

Sir Mohammad Yamin Khan: Let me charge them and then they will give a reply.

The Honourable Sir Edward Benthall: As a point of order has been raised that we have not placed these facts before the House, I really must draw the attention of the Honourable Member to the fact that these papers have not

only been placed in the Library of the House but I think they have been circulated to every member; and all the facts are laid before the House. What is happening is that an Honourable Member is taking up detailed items and complaining that they have not been discussed in the Standing Finance Committee, or particularly mentioned in my budget speech. I cannot cover that whole ground; but we have debated this whole question at very considerable length. I shall give my answer to any further points that may be raised, but speaking in reply to my Honourable friend the Honourable Deputy Leader, I really must point out that nothing is concealed. All the facts are placed before the Honourable Members.

Mr. President: It is now time for the House to adjourn, but I myself was trying to follow what the objection is. I must admit that the position is not clear to me yet, not only as regards the point of order, but even the other position which the Honourable the Deputy President was trying to make. I was trying to see what point he was making when he stood up and opposed the grant. I am not concerned with his opposition on the merits. In the meanwhile comes this point of order on the question of information.

Mr. M. Asaf Ali: May I intervene for one moment so that I may make my position clear? My point is this: when you bring up Demands for supplementary grants of this nature whether in respect of excesses or in respect of fresh undertakings which have to be paid for within the financial year, they must precede the demands for grants for the coming year, that is, the next budget. This looks like a topsy turvy arrangement. We ought to know how much had to be spent or has been spent during the financial year or has to be spent during the financial year before we begin to talk about the budget . . .

Sir Cowasjee Jehangir (Nominated Non-Official): It is in that explanation.

Mr. M. Asaf Ali: But it is just the other way about. The supplementary grants are coming up before us after the budget grants have already been put to the House and voted upon. That is point No. 1. The second point is this: it is essential in respect of every demand for a supplementary grant for the member to make it perfectly clear to the House whether it is in respect of excess expenditure or in respect of fresh undertakings. I cannot make out anything from this paper.

Mr. President: Unfortunately I do not expect to be here at 2-30 p.m. sharp today.

Shri Sarat Chandra Bose (Calcutta: Non-Muhammadan Urban): May I suggest that you postpone the whole of these supplementary Demands till tomorrow and this point may be raised in your presence and decided by you later on? It will only mean a few minutes more. Tomorrow we can do it.

Mr. President: Tomorrow we have the discussion on Bretton Woods.

Dr. Sir Zia Uddin Ahmad (United Provinces Southern Divisions: Non-Muhammadan Rural): We can start Bretton Woods at 2-30 today.

Mr. President: I do not know whether the Finance Member is ready to start on Bretton Woods this afternoon.

Sjt. N. V. Gadgil (Bombay Central Division: Non-Muhammadan Rural): May I say that after we re-assemble this point can be argued and the Deputy President may occupy the Chair?

Mr. President: The point is I shall not be able to be back at 2-30.

Sri M. Ananthasayanam Ayyangar (Madras ceded District and Chittoor: Non-Muhammadan Rural): It will not take more than five minutes so far as the ruling on this point of order is concerned.

Mr. President: I am afraid it may not be possible for me to dispose of this point of order within five or even ten minutes.

Sjt. N. V. Gadgil: It involves constitutional matters and also financial improprieties; it is not a matter which can be disposed of within five minutes.

Mr. President: Apart from that, I first want to be clear on the facts myself before I can claim to follow the debate; and that is why I was trying to follow the Honourable Member.

Sir Mohammad Yamin Khan: My proposal is that these supplementary grants may be postponed because they involve such a vital issue and this year they have been changed; therefore it will be in the interests of the House and the procedure for the future that they may be taken up tomorrow or on some other day, whatever may suit the Honourable Members.

The Honourable Sir Edward Benthall: I must take exception to the suggestion that there has been financial impropriety or that the procedure has been changed. Neither of those facts are correct. We have followed exactly the procedure of previous years and there is no hanky panky about it whatsoever. In reply to my Honourable friend the Deputy Leader, I may say that I sympathise with him. There is nothing which explains this matter on the order paper today showing the motions to be moved, but it is set out in the proceedings of the Standing Finance Committee which is circulated to everybody, which has been before the Standing Finance Committee and which could have been discussed in detail there and could also have been discussed on the floor of the House in connection with the grant for next year. But this refers to excess expenditure occurring on last year's grant.

Sir Mohammad Yamin Khan: If excess of one grant is brought, then where is the excess in respect of the other grants. Because you are not bringing in the others, therefore we are throwing out everything.

The Honourable Sir Edward Benthall: We are not following any new procedure.

Mr. President: This cross talk leads us nowhere. At least I am not clear on this. Allegations on one side and denials on the other and *vice versa* do not place me in a position to know exactly what the situation is. I am not coming back at 2-30 and if the Deputy President wishes to raise the point in this House there is also the difficulty as to whether any Chairman could preside, when the Deputy President is present in the House. That technical difficulty would arise; but in that case, we might either put it off till tomorrow or we might meet at 3 p.m. today.

The Honourable Sir Edward Benthall: I have ascertained that the Finance Member would be willing to start the Bretton Woods discussion after Lunch and in view of the loss of time now, I would suggest that we might meet at 2-45 instead of at 2-30, and start on Bretton Woods.

An Honourable Member: Let it be 3 p.m.

Mr. President: The Honourable the Finance Member will have to introduce the Budget at 5 and therefore it will be necessary for this House to give him some rest in between, so that the House may have to adjourn at 4 or 4-30.

Shri Sarat Chandra Bose: May I suggest that the House should meet at 3 p.m. this afternoon and continue discussion on these Demands for Supplementary Grants? If I understood you rightly, it will be possible for you to occupy the Chair at 3 p.m. The other suggestion, that the Bretton Woods matter be taken up this afternoon, does not strike me as feasible or even right, because we shall have only a little time this afternoon and we shall have to resume the matter tomorrow. That really cuts into the debate on such an important subject. As we have already started discussing the Demands for Supplementary Grants; we might continue it this afternoon.

Dr. Sir Zia Uddin Ahmad: We may meet at 3.

Mr. President: I shall have to be back at 3 if the House so desires. We might meet at 3 in that case and carry on with the Supplementary Demands instead of Bretton Woods.

The Assembly then adjourned for Lunch till Three of the Clock.

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

Sri M. Ananthasayanam Ayyangar: The other side raised the point of order.

Mr. President: We will take up that point of order later on. I wish to state my own understanding about what was being raised in the House when we adjourned with a view to enable the Honourable Members to lead me properly. If they know as to what I have understood, I think it will be better, so that I may be able to place their views to enable me to appreciate what they are saying. But as the Honourable the Deputy President is not here just now, we will take up that point later on.

There are certain cut motions under this demand. We will clarify the point about those cut motions first and then take up this point. I understood the Honourable the Deputy President to oppose the demand, it is perfectly competent for him to do so. But before I come to that, on the point of order raised by the Honourable the Deputy Leader of the Congress Party—that was about the budget or the grants and the details not being supplied to the Members—, I am afraid there is some misunderstanding about it. I have with me two volumes. One is the proceedings of the meeting of the Standing Finance Committee for Railways wherein all these items, which are the subject-matter of supplementary demands are mentioned. I find that at the end of each item, there is also a decision of the Committee recorded. I may state by way of example. It is said: "The approval of the Committee is requested". Then, with regard to the first demand it is said "A supplementary demand for 5 lakhs odd is to be placed before the Assembly under this head for 1945-46." The same is the case with other demands. It is said: "the Committee approved a supplementary demand for Rs. so and so being placed before the Legislative Assembly and so on." This was circulated along with some other papers on the day the Honourable the War Transport Member delivered his Budget speech. There is also another leaflet which contains these supplementary demands for grants and which was circulated a few days back. I do not know exactly the date on which it was circulated to the Honourable Members; and the Honourable Members were requested to preserve that copy for their use in the Chamber. So, I was not able to appreciate the point of order that information was withheld by the Honourable Member or that it was not given by him. May I know if there is anything else to be said on this point?

Mr. M. Asaf Ali: So far as the question of the supplementary demands is concerned, I can say straightaway that it is contained in the two leaflets that have been circulated. The first thing that I was really saying was that before we took up the budget of the next year, we ought to have been able to dispose of the supplementary demands, whether they are in respect of excess or in respect of new undertakings. There may be a new undertaking and the Government may want to come to us for a supplementary grant. In this instance, although the Honourable the Railway Member says he is following the practice of previous years, I fear a reverse procedure has been adopted. The budget for the next year was taken first and after its conclusion the supplementary demands have come up, which relate to the past and not to the future.

As regards the second point, all I wanted to know was whether these particular demands here related to excess or new undertakings. Perhaps two words would suffice in respect of each one. Take, for instance, the first demand—the Railway Board. They could use the word "excess" or something else. Here are for instance, two or three demands which run into figures of the order of 2 crores and 70 lakhs and so on. I do not find any indication there whether these big items relate to new undertakings or excess. If it is excess, then plainly our approach will be one. If it is in respect of new undertakings, one would have to look at it from another point of view. Naturally, an excess of

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this nature would be preposterous. We had already granted a certain sum in respect of a certain department or in respect of certain activities of the department and then you suddenly spring upon us a surprise of 8 crores. That will be a different matter altogether. So, I simply wanted to know whether it would not have been right to have taken this up before the next year's budget was presented to us and whether it would not be right for them to indicate here whether these items relate to excess or to new undertakings. Of course some of my Honourable friends who are in charge of this subject may have something more to say. I am making these remarks only from a superficial point of view.

Mr. President: The point really comes to one of better convenience in the matter of arrangement of the business of the House rather than a point of order in which something irregular or something illegal has been done. It is urged, that for the sake of convenience, things should be arranged in such a manner that the supplementary demand should come before the Budget is presented for the next year, and that, in the agenda paper some further explanation should be given, much more than what is given at present. So far as the supplementary demands are concerned, we find they come in that little book which is supplied to Honourable Members. In the foot note, facts are mentioned as to why these are required and the explanation is found in the proceedings of the Railway Standing Finance Committee. So a reference to these two books will clarify the whole situation. I understand the Honourable Member's position is that in preparing the agenda, it will be better if some kind of indication is given. That is a matter for the arrangement of the agenda paper. It is not a matter of point of order. So the matter ends there.

The Honourable Sir Edward Benthall: There are two brief observations which I wish to make. As regards the question whether the supplementary demands for the current year should come before the next year's budget, I think, I have been following the procedure which has been prevailing in this House. I am certainly under the impression that that has always been the practice. Whether the House wishes it to be done the other way and whether we can accommodate ourselves, I shall consider later on. That seems to me to be a matter of great importance but I will consider it. On the second point whether the agenda paper should be altered, I submit that the agenda paper is really a summary to cover the formal business of the House covering all the figures which are put forward in the supplementary demands and the proceedings of the Railway Standing Finance Committee. If we print up on the agenda paper all these details which my Honourable friend asks, it would become very voluminous but I will consider whether we can improve the foot notes in the way my Honourable friend desires.

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): Some indication as to where we can get the necessary information.

The Honourable Sir Edward Benthall: It is given here in the Supplementary Demands for Grants. There is a reference in each case to the headings of the Standing Finance Committee.

Mr. President: The point is merely a matter more or less of convenience to be adjusted by mutual discussion. There may be number of other suggestions to improve the agenda paper. In the paper itself there is a reference to the two books, the budget and the proceedings of the Standing Finance Committee for Railways. How it can be improved is a matter which can be settled outside.

Sjt. N. V. Gadgil: Last year this supplementary demand for 82 lakhs was under Demand No. 6-G. As is clear from the proceedings of the Standing Finance Committee, page 118, it was afterwards transferred to Demand No. 6-E. Now, Sir, in the present year's presentation of the Budget, it is under Demand No. 12. There it has been shown as revised figure of Rs. 1,18,68,000.

Mr. President: That would be a different point. I do not think we should mix up the two.

Sjt. N. V. Gadgil: The point I am urging is why these financial improprieties are committed.

The Honourable Sir Edward Benthall: May I suggest that these little items which lead to misunderstanding can be cleared up. Last year two items were put forward under Demands for Grants for current years budget. The first was for 6,83,000 under Demand No. 12 and the other was for 82 lakhs under 6-G.

Sir Mohammad Yamin Khan: I would ask my Honourable friend to refer to page 106 of the Demands for Grants for 1946-47. Under the head 'Investment in Road services', budget estimate 1945-46, nothing is shown. It is shown in the accounts for 1944-45 as 6,83,000. There was nothing in 1945-46.

The Honourable Sir Edward Benthall: Quite right, it appeared in the revised estimates for the previous year, 1944-45. The 82 lakhs were for services run by the railways—it had nothing to do with the investment in road services, that is road-rail companies,—to be operated by railways direct or on mileage schemes for the relief of traffic. That figure of 82 lakhs was eventually passed and we have spent only about 23 lakhs. Before we could spend the whole of the 82 lakhs, two things happened, first of all the end of the war came and we did not enter on the expenditure, and secondly the road-rail investment schemes developed and we thought it better not to spend that money on current schemes relating to war traffic but to concentrate particularly on long term road-rail company schemes. The sum of 82 lakhs would still appear under the old heading of 6-G. I think this 6,83,000 appeared under Demand No. 12 together with the increased demand under the budget figure for the next year.

Sir Mohammad Yamin Khan: This appears on page 106 of these Demands for Grants, the budget of which we have just passed.

Sri M. Ananthasayanam Ayyangar: On page 166 of the proceedings of the Railway Standing Finance Committee, this sum appears under Demand No. 12.

Sir Mohammad Yamin Khan: Sir, my point is that as this Demands for Grants show that in the budget which this House passed, there was no provision made last year, *i.e.*, in 1945-46, and therefore no supplementary expenditure could be met under this head, and anything which has been incurred as an expenditure in the revised budget has certainly not been discussed by this House and this is the opportunity for the House to discuss it. Whatever the House has voted before is for next year and any money which has been spent during the current year and which was not provided for in the budget of last year should have come before this House for sanction or it must have been placed before the Standing Finance Committee for Railways. But nothing has been done. What I gather, from the Honourable Member's remarks is that because in the open line works, there was some provision made for it, and because other items had been scrutinised and passed by the House and by the Standing Finance Committee, after examination, therefore this sum has not been included as supplementary demand. But, I submit, Sir, that that money has been voted for a certain object. Now, Sir, the head 'Open Line Works' means railway open line works, and not open lines of road-rail transport, a new venture in which railways might enter later on or participate in new companies. That can never be. The attempts seems to be not to get the sanction of this House on this demand. If a new item of a quite different nature had to be met, that should have been fully explained to the Standing Finance Committee and later on to the House. If that was not done because the Standing Finance Committee was not in existence at that time, the best course would be to come with a supplementary demand. But I find no supplementary demand for Demand No. 12. I asked the Honourable Member whether he was coming up with a supplementary demand and he said, no, because it came within grant No. 12 last year. But it never came, and I have shown that last year's budget does not show that anything was to be spent on road-rail co-ordination. It may have been in 1944-45 but no vote was taken on it in 1945-46. Even if the House did vote 6 lakhs it is a small amount as compared to 225 crores. Now the Honourable Member comes and says he has incurred a huge expenditure of 118 lakhs. The House must take cognisance of

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this kind of thing. If on a provision of 6 lakhs he can spend 118 lakhs, next time he may have a grant of Rs. 2,000 and then he may come and say that he has spent 20 crores. This is treating the House very badly; probably they thought this side to be without brains and they would get a free hand to spend public money as they like. It may also be that there is some weakness, and it gives suspicion that the Honourable Member has not got anything to face this House; his hands are not clear because this money must have been spent in an unjustifiable manner, otherwise he would come boldly. What was the harm in placing this expenditure of 118 lakhs before the Standing Finance Committee? Probably the lorries or chassis had been purchased, but what was the price paid? Did they pay the market price or four times the price? One argument was that a single individual expenditure below 20 lakhs did not come to the Standing Finance Committee. According to this, expenditure on one engine which costs 2 or 3 lakhs will not come up before the Committee and they can therefore buy any number of engines and locomotives because each locomotive costs less than 20 lakhs and they will never come before this House. In this way they can place orders for even 50 crores outside this country and then say that the Assembly agreed to the principle and sanctioned it. The Honourable Member wants to take advantage of this by saying that the House allowed him to go ahead as if the House allowed him to spend any amount of money. But that was never the idea. It was intended that the expenditure must be incurred in the proper form, that is, after taking sanction for every penny from the Standing Finance Committee. And if the Financial Commissioner did not come before the Standing Finance Committee it shows that people there have some kind of weakness in their case, and I suspect that the money had been misappropriated and for that a thorough inquiry is required. And that thorough inquiry cannot be made unless we reject this demand. If my Honourable friend is powerful enough to treat the House like this I want to send him to a still more powerful authority, the Governor General, by rejecting this demand. If the demand is justified the Governor General will certify it, otherwise he will treat him properly, and send it back to us. If he has got constitutional power we have got it too, and if he tries to ignore the House we will also try to ignore him. I say we will not pass any supplementary grant until the supplementary grant on demand No. 12 also comes before us. My Honourable friend may say it is an excess only. I have shown that it is not an excess but a new expenditure; but even if it had been an excess we find all the excesses have come from the 1st to the 11th and only the 12th has been left out. That is because the Honourable Member knew that the House is strongly against road-rail co-ordination and felt that the expenditure was being incurred without authority. So it is being kept back and all the legal heads who can give wrong advice in the matter of finances have been consulted. The House will keep an eye on this and if the House is not treated properly we will have another opportunity on the Finance Bill which will be treated as it has been treated in past years, which the Honourable Member knows very well. It will be thrown out on this issue if demand No. 12 is not brought up now. The Honourable Member must place his cards on the table and treat the House properly. I oppose the demand and I hope the House will reject it.

The Honourable Sir Edward Benthall: Sir, I think it will help to clear matters—if my Honourable friend wishes to be clear—if I speak now; and I must seek the protection of the Chair in this matter because my Honourable friend has used disgraceful language. He has accused this department of misappropriation and the Honourable Member talks about financial irregularity, keeping back matters from the House, concealing facts, taking advantage of the situation and saying that there are weaknesses in our case,—all of which I strongly resent and strongly deny. My Honourable friend asked in some previous debate whether this matter would be coming before the House and I gave a straightforward reply that this item of 118 lakhs would not come up because it came under demand No. 12 for which no supplementary demand

was necessary. He did not seem at the time to appreciate the procedure that has been adopted in this House certainly for the last four years. And I very much welcome the opportunity of clearing the air and dealing with this matter of how the budget is presented to the Standing Finance Committee and the House. I welcome the opportunity of clearing up the position about this 118 lakhs but I do strongly resent the various things imputed to me and my department because they are unjust and incorrect.

Sir Mohammad Yamin Khan: Sir, on a point of personal explanation, I made it clear that I had a suspicion because it has not been placed before us. I don't say that the Honourable Member's Department has misappropriated, but somebody has misappropriated and my Honourable friend's department is trying to conceal it.

The Honourable Sir Edward Benthall: There is nothing to conceal and I have placed all the facts in front of the House. If the Honourable Member had asked for the facts at the Standing Finance Committee stage he would have got them; if he had asked in the course of debate on the subject, he would have got them, but as he did not ask on those two occasions and he has asked for them now, I welcome the opportunity. It may take a little time, but in order to avoid any misunderstanding in the future, I would like to explain the work of the Standing Finance Committee. The Standing Finance Committee was set up under the Resolution of 1943. As regards its functions, the Resolution reads:—

"The Railway Department shall place the estimate of railway expenditure before the Standing Finance Committee for Railways on some date prior to the date for the discussion of the demand for grants for railways and shall, as far as possible, instead of the expenditure programme revenue show the expenditure under a depreciation fund created as per the new rules for charge to capital and revenue."

Mr. President: May I intervene for a minute at this stage. I was just considering whether I should intervene in this debate or not, but I think I must do so just with a view to see if any kind of bitterness in the controversy can be avoided or reduced. It appears to me, if I have correctly understood the Honourable the Deputy President, that the gravamen of the charge does not consist of anything being done against any particular rule or regulation, but it is alleged that there has been an abuse of powers of re-appropriation from one head to another—and it is said that it may not be; then is only a suspicion. I think a mere legal discussion over powers under the rules will not perhaps clear the position. The power of appropriating money from one sub-head to another, ordinarily of course, nobody would question.

But that power has not been properly used—I should not say even abused;—and the Convention, that any one item at the time of reappropriation which exceeds Rs. 20 lakhs should be brought before the Standing Finance Committee, has been got round by splitting the items of expenditure into smaller items, so that each item is less than 20 lakhs of rupees and yet the total goes far above that. So it is not so much a question, to my mind of the procedure or the powers under rules and regulations but a question of a sort of feeling, that the whole thing is so arranged that while the Government may be absolutely within their powers in the matter of reappropriation and not coming before the Standing Finance Committee, because the item does not exceed 20 lakhs of rupees, they have done this for not coming before this House with a Supplementary Grant. That seems to be the point. I merely wanted to make it clear so that the Honourable Member may proceed on that assumption.

The Honourable Sir Edward Benthall: I appreciate that point, Sir, but I do not intend to produce any heat; I did not start this argument. I think actually we have done precisely the opposite. We put these figures together—and as you know, Sir, it is 118 lakhs—whereas we could have separated them into a few lakhs each and hidden them away under the different Railway Demands, but we have not done that. We put it openly and squarely in front of the House. But I may say that it would be advantageous if I could make a statement on this matter because I think it will help in the future.

Sri M. Ananthasayanam Ayyangar: Why not the Honourable Member consider

Mr. President: Let him finish.

The Honourable Sir Edward Benthall: I would like to answer questions afterwards.

This was the paragraph of the Convention covering the Standing Finance Committee which I just read out. Then, as a matter of practice, successive Chairmen agreed to various other things being placed before the Committee, including all proposals for the construction of new lines, all proposals to purchase railway lines, all projects of open line works the expenditure on which exceeds twenty lakhs, works rolling stock and machinery programme of railways, and all proposals for the creation of permanent gazetted posts on railways; and in addition the Chairman kept the Standing Finance Committee posted with important problems of finance. Each of these items, as I have mentioned, are below 20 lakhs of rupees, and could have been shown under separate railways. I will come to that question in a minute. In addition to that all details of open line works costing over one lakh are shown in the pink books which are circulated with the proceedings of the Standing Finance Committee

Shri Mohan Lal Saksena (Lucknow Division: Non-Muhammadan Rural): What page?

The Honourable Sir Edward Benthall: They are in the proceedings.

Shri Mohan Lal Saksena: I have gone through the proceedings, and I don't find them there.

The Honourable Sir Edward Benthall: May I show you afterwards?

All these facts were put before the Standing Finance Committee at the end of January before they were all printed up ready for the Members of the House, and they were then subsequently sent to every Member, so that nothing is in fact concealed. The figure of 118 lakhs is there and everybody can see it.

The complaint is that Demand No. 12 is not brought before the House. As everybody knows, the Grants are set before the House under 12 headings with various sub-heads 6-A, B, C, D and so on, and supplementary grants. And this Grant No. 12 was for the current year 1945-46 for 32 crores and on the revised figures it is Rs. 29,25,00,000, and this particular item of rail-road companies comes under this, so that no more money is required under that head.

Sir Mohammad Yamin Khan: It is being transferred from some other head.

The Honourable Sir Edward Benthall: It is not being transferred, Sir. It comes into it fresh for reasons I will give in a minute.

We have spent Rs. 2,75,00,000 less than we expected, and therefore we don't come to the House for a supplementary grant; we don't need it.

Sir Mohammad Yamin Khan: In this Demand there are different heads and in this head there was no money.

The Honourable Sir Edward Benthall: I will come to that, Sir.

Mr. President: Let him proceed. He will come to that.

Sjt. N. V. Gadgil: That is the railway way!

The Honourable Sir Edward Benthall: The position of these Grants is this. Any difference on the main grant is, by practice, available for reappropriation to another head within that grant provided the policy has been approved by the Legislature. That is the financial procedure which is adopted and always has been adopted. If on the other hand you go ahead with a policy which is not approved by the House then the House can quite rightly question that and so can the Public Accounts Committee.

Sir Mohammad Yamin Khan: Is it open lines? Motor cars running on the roads—does that come under open line works?

The Honourable Sir Edward Benthall: There are two heads of capital expenditure: one is new construction and the other is open lines and what is not new construction is inserted under open lines. I am glad to have this opportunity to state the facts because my Honourable friend thinks that there is some hanky-panky but we are following the ordinary procedure. This was the case in the previous year for the grant of 6·88 lakhs. I think that being the financial procedure, which is the practice of the Standing Finance Committee in the House and of Government, the question arises whether the policy is a new one or not and whether it has been approved or not. This policy of rail-road companies and road development is not a new one. We have been on the roads since 1938 in a small way, following, as I mentioned in another connection, the Wedgwood Committee's recommendations to get on the road. So there is nothing new in that sense. It was in abeyance during the war because we could not get the vehicles and it was not a desirable policy to spend at that moment. In 1944 as a result of the rail-road experts report we proceeded with the development of road transport and there was a good deal of discussion at the time and eventually in pursuance of that we interested ourselves in 1944 in the two C. P. companies. It was not a new policy and we put it before the House who voted it in the supplementary demand of 6·88 lakhs in last year's budget, also the 82 lakhs for current war time service, which, as I explained previously, were the only two amounts which appeared in that year's budget. At that stage my Honourable friend took exception to the expenditure of 82 lakhs for current road service under the misunderstanding between the two sides of the House that this 82 lakhs was in fact for post-war companies. That matter was cleared up and it was explained that the only amount at that stage for post-war service was the 6·88 lakhs and the 82 lakhs applied to war time services. Then, Sir, the 82 lakhs was thrown out and my position was that we wanted to develop services for war time and it was obvious that the House wanted a full discussion to settle a policy on the post-war road-rail schemes. In pursuance of that I had several meetings with the leaders and other Members and eventually I produced a draft of a speech which first of all explained how the 82 lakhs was going to be spent and then went on to set out our post-war policy. That was agreed to by the leaders and I put it before the House and the House passed it.

Sir Mohammad Yamin Khan: Restored it.

The Honourable Sir Edward Benthall: The House restored the 82 lakhs. But my Honourable friend will admit the speech consisted of two parts. Part I explained what the 82 lakhs was and part II dealt with post-war policy. At the end of part II I said: "If the House accepts the supplementary grant, I will assume the House gives general agreement to the policy." I went on to say: "If the House is prepared to back up its policy, this Government can embark on it as trustees for the future . . . A new era of transport and development of road-rail co-ordination will be inaugurated in the general interest of the country." On that we took it that the House approved of the policy. It could not be anything much clearer on that. The leaders of the Parties agreed. I made a formal speech which was agreed to by them in advance. I put it to the House and the House agreed to it.

Sir Mohammad Yamin Khan: Up to 6 lakhs.

The Honourable Sir Edward Benthall: I would just like to clear one point. They approved the policy.

Sir Mohammad Yamin Khan: Up to 6 lakhs.

The Honourable Sir Edward Benthall: Yes, they approved the 6 lakhs. I would like to make one point clear. My Honourable friend said the other day that we had undertaken to put all the details before the Standing Finance

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Committee and he purported to quote from the same speech. What I said was that:

"The principle is fully accepted by Government (the principle of having no managing agents) but it is possible that certain Provincial Governments on certain railways may have already gone so far with negotiations on rail-road transport interests that they are to a large degree committed to managing agents. I undertake that any case remaining over will be specifically placed before the Standing Finance Committee of the Railways for their approval."

That I did and I did not undertake to put every single detail before them.

Sir Mohammad Yamin Khan: If the Honourable Member reads his speech further up he will find he said: "I will keep the Committees of the House fully informed as to the progress".

The Honourable Sir Edward Benthall: I said that I would keep the House informed. Let us pursue the history. After the House agreed to this policy I myself toured the provinces to try to bring them to this policy and subsequently we had further meetings in October of the Transport Advisory Council, discussed the whole policy and reached a measure of agreement with most of the provinces. In the course of that time we gradually evolved a policy and about October or thereabouts we started looking into the new budget to see what money we should have to spend in fulfilling the policy which had been agreed upon. Then, Sir, there was no Standing Finance Committee in October and so we could not put anything before them. We placed the facts before the Standing Finance Committee at the end of January, which was the first occasion on which we could do so.

Sir Mohammad Yamin Khan: This point did not come up.

The Honourable Sir Edward Benthall: But we placed all the facts.

Sir Mohammad Yamin Khan: Not the one crore and eighteen lakhs expenditure.

The Honourable Sir Edward Benthall: Yes, Sir. That figure was placed before the Standing Finance Committee and they are in the papers that are printed.

Sir Mohammad Yamin Khan: The Honourable Members are there.

The Honourable Sir Edward Benthall: I cannot argue on that fact. As you, Sir, said the charge is that we have not got a token grant and that we spent too much before coming to the House. Well, Sir, my Honourable friend and I think also you, would have liked each item to be put before the Standing Finance Committee. I have already explained that according to the previous practice it has not been the custom to place items under 20 lakhs before the Standing Finance Committee with a special memorandum and certainly regard each of those items as well below 20 lakhs. But we did place the total figure, which catches the eye, before the Standing Finance Committee.

I maintain, Sir, that there was nothing irregular and that the grant was in order.

Prof. N. G. Ranga: May I suggest an enquiry committee to see whether the Honourable Member is correct or the Members of the Standing Finance Committee are correct?

The Honourable Sir Edward Benthall: If you would take the trouble to refer to the proceedings, you would be able to see

Mr. President: I might just point out that this item of 1,18,68,000 finds a place at page 166 of the proceedings of the meeting of the Standing Finance Committee. That comes under the supplementary grant. I believe the Honourable Member is referring to the proceedings of the Standing Finance Committee. Am I right?

The Honourable Sir Edward Benthall: Yes, Sir.

Mr. President: In the proceedings, this item does find a place. It is very difficult for Honourable Members to read through the various statements of

figures. It is possible these figures might have escaped their attention. The present point is as to whether these matters were placed before the Committee or not. Honourable Members would do well to make themselves sure on this.

The Honourable Sir Edward Benthall: May I just finish my speech, Sir. What is really worrying my Honourable friends is that they have not had an opportunity of discussing this particular amount.

Mr. President: Their attention has not been particularly invited to it.

Sir Mohammad Yamin Khan: The proceedings of the Standing Finance Committee only show that the budget came up before the Committee and they had to pass it because it was to be presented to this House. At that stage they had neither to say Yes nor No. It was only presented and that is what is shown at page 166. It is not shown that the Committee had the opportunity to discuss and whether the 118 crores was approved or not. That must come as a separate item.

Shri D. P. Karmarkar (Bombay Southern Division: Non-Muhammadan Rural): Sir, the point appears to be that this original demand for 82 lakhs was presented duly at the time of the budget or at the time of the supplementary demands. There was a full discussion in this House last year. The point about spending for rail-road co-ordination was not raised so far as I can see from the debates of the House. Of course the Honourable Member is entirely correct when he said that in view of the agreement between the different parties of the House, he took it that it enabled him to go ahead but he seems to have understood that that going ahead included also the spending ahead which should come up at a later stage. That was not meant by the House. It was clearly understood that that 82 lakhs was required for a purpose which was entirely different from the development of rail-road co-ordination. All that the House could be understood to have authorised the Honourable Member is to go ahead but that going ahead, according to my Honourable friend's conception, is going much longer ahead than was intended by the House. I think the debates of the House last year do not exactly give the authority to go ahead so far as expenditure is concerned.

Mr. President: I think we are again relapsing back into the old discussion about the interpretation of the intentions. That is not the present point. The point that is sought to be made out is whether these facts were placed before the Standing Finance Committee or not. That is the simple point. Interpretation is an entirely different matter; and with reference to the first point the Honourable the Railway Member is pointing out that this particular figure does find a place in the statements placed before the Standing Finance Committee. That is how I understand the point. Am I correct?

Mr. A. C. Turner: That is correct, Sir. There was a great deal of discussion on the road-rail investments and in particular on the amount of 3,48 lakhs provided in the budget. The amount provided in the revised estimates was in juxtaposition to the budget provision and was referred to in the body of the memo on Demand No. 12. It was obviously in the mind of every member of the Standing Finance Committee.

Mr. President: I do not think that statements as to what is in the minds of other people can be put.

(The Honourable Sir Edward Benthall rose in his seat.)

Dr. Sir Zia Uddin Ahmad: How many speeches will the Honourable Member make? Others should also have a chance.

The Honourable Sir Edward Benthall: Could I tell the House, Sir, what I believe the position really was. I think at the back of my Honourable friends' minds is the idea that we are trying to get away with something contrary to the policy which the House has expressed. My Honourable friend nods his head. I think that is really what is at the back of his mind. The position is that when we came to make up our budget towards the end of last year we originally included in our estimate a total of 140 lakhs as being the money likely to be required in fulfilment of the policy of the Government and

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the House. That was made of a number of separate items. I will read out some of them.

O. T. Railway, Lucknow	11 lakhs
Kashmir	4 „
Kulu Valley	4 „
Madras T. V. S. scheme	9 „

and so on.

I need not read them all out. And eventually after going through the schemes we came to the conclusion that we should not require the whole of the 149 lakhs and on further investigation we put in the figure of 118 lakhs and that was the figure which we have been discussing. The House would also like to know how much of that we have actually spent. I am not yet in a position to say, because that has been spent by different railways and I am not sure how far they have spent.

Shri Mohan Lal Saksena: You may go on spending what you may not have spent now.

The Honourable Sir Edward Benthall: I wish the Honourable Member would not anticipate what I am going to say. That is precisely the point which is in the mind of my Honourable friend. He is suspicious that we are going to do something contrary to the desire of the House. There will be no new commitment. The Department has been asked to find out how far each railway was committed. I frankly do not know. When I do know I will be very pleased to tell the House and the Standing Finance Committee. I do not know how far they are committed, because action is taken by each individual railway. They have been communicated with, or will be immediately communicated with, to find out how far we are committed.

Shri Mohan Lal Saksena: Surely you would have sanctioned some amount for each railway.

The Honourable Sir Edward Benthall: Yes, Sir. We have told the railways to go ahead. We have told them to get ahead with the purchase of lorries to have them ready for the purpose of running these bus services. As I mentioned previously, there are, I think, 500 vehicles in the process of being prepared for the road companies and 180 of those are in Bombay. That, Sir, is the position we are in rightly or wrongly. That is the action we are taking. We shall not incur any new commitments and we shall close down on the old commitments in so far as we can but we have a legal obligation, and as to the question how to handle this, as I said before, I will look into that and advise the House what the position is when I know.

Dr. Sir Zia Uddin Ahmad: My friend might clearly understand the position without going into what happened in the Standing Finance Committee. Take the facts as they are.

The House and the country had disapproved the present scheme of rail-road co-ordination. When the Honourable Member came forward with the demand for the scheme before the House, the House rejected the demand altogether. But he adopted a novel method. He called the leaders of parties to his room and made them consent to his scheme, the scheme which has been rejected by the House. That is the background which we all resented.

When the scheme came before the House last year I wanted to make a speech. But the leaders had already accepted it and therefore I had to sit

down and suppress my speech. But now when we went round the country for election—and I had to tour about half of the United Provinces—every one condemned the present scheme of co-ordination of rail and road. When it came before the House this year we rejected it. What is the use of bringing it in by the backdoor in a supplementary grant when the Honourable Member knows that the House and the whole country does not like it? What is the use of bringing out this conundrum of the Finance Committee and this and that—that it was done here and placed there? The fact

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that you have spent so much already has got no force: Because if you have spent a lakh of rupees already and you propose to spend another 2 crores saying that after we have lost a few lakhs we will lose a few crores is wrong. What is the use of putting this into our mouth when we have said several times that we do not want it. I asked several times that we should have a discussion about this scheme of rail-road co-ordination—whether the present co-ordination is the correct one and whether it has the support of the country and the legislature. A scheme which has not got the support either of the country or of the legislature is absolutely wrong. And to put it into our mouths and ask us to swallow it is also absolutely wrong. My Honourable friend must realise that we are going to give permission to continue this co-ordination scheme devised as at present: it is not in the best interests of the country and it is certainly not in the best interests of road competition. I am in favour of having some form of co-ordination but not co-ordination of the type that my Honourable friend is forcing down our throats and saying we must swallow it. We cannot do it. The same thing will happen in the case of the air also. We have accepted there also a policy at present, but we cannot possibly accept it in future: we have committed ourselves to a large extent and when it comes before the legislature we will pass it. But I will say this. We are all in favour of co-ordination of rail, road and air. But it should be in a co-ordinated form: it should be a thought out scheme and the idea that only some capitalists have thought out a scheme in their own interests, leaving out the poor people altogether, will not work. You must take into confidence the travelling public who will use that form of transport and the smaller man whose interests we have at heart: some may not have, but the majority of the elected members here have the interests of the poor people at heart. Take into account their interests also and the interests of the country as a whole. This scheme should be thought out. This method of putting it into our mouth in an indirect way is not the correct policy. Therefore I do request the Honourable Member to drop his scheme of co-ordination altogether and not spend any more money on it and not to ask for a revision until we have had time to discuss the whole scheme hereafter and for the present let us drop the whole thing altogether.

Sjt. N. V. Gadgil: Sir, this procedure by the Railway Department is, at any rate, irregular. I do not suggest at this stage that there was some intention in doing this, so as to mask the appropriation of Rs. 1,18,68,000 under one demand or the other to avoid a straight vote of the House on the rail-road co-ordination scheme. Last year when the demand for 82 lakhs was made, it was made under demand 6-G. Then in the budget it was transferred to demand 6-E; and in the budget estimates presented this year the excess amount spent, namely, Rs. 1,18,68,000, is shown in demand 12. Now, at page 106 you will find that the budget estimate for 1945-46 is nil. So, if there was nothing granted under the original estimate, and in the revised estimate if the amount is shown as Rs. 1,18,68,000 it is obviously a new service for which there must be an appropriate Demand. Then it must come before the House not by way of excess grant but by way of supplementary grant or additional grant. It has been argued by the Honourable the Railway Member that he can appropriate a sum from one head to another head. That is not so. The appropriation permitted is between sub-heads under one head. Here are three heads—Demand E, Demand G, and Demand 12. If his argument were to be taken to its logical end, then any amount can be transferred from one Demand to another—from 12 to 1, and from 1 to 12. Then, where is the propriety of dividing the railway expenditure into 12 or 13 or 14 demands? The division is made because there must be some control of the House: the House should have an opportunity to scrutinise and see for itself not only that the amount granted is well spent but spent according to the vote of the House. That is why these heads are classified. So, I submit that his interpretation that he has got the power to spend as he likes is wrong. Further in the proceedings before the Standing

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Finance Committee for Railways there has been no mention about this, in the sense that it was not pointed out to the members as to how this big amount was appropriated. My friend, Mr. Mohan Lal Saksena wrote a letter to Mr. Turner, the financial conscience of the Railway Board. It is:

"I have been waiting for your note on the reappropriation of Rs. 1,18,68,000 under head Investment in Road Services. I have looked into the proceedings of the Railway Finance Committee but I find it was never brought to its notice."

The reply is:

"This matter is being investigated and I shall be in a position to let you know the exact position in a few days."

The Honourable Sir Edward Benthall: What date was this?

Sjt. N. V. Gadgil: Today. You accept it as genuine? Mr. Turner himself does not know from what sub-head this was appropriated.

Mr. A. C. Turner: That was not the question which I thought was put to me in this note. The question put to me was as to the amount of the liabilities which we had incurred and I was not in a position to give Mr. Saksena the details of the liabilities which we had incurred for the reasons which the Honourable the Railway Member has given just now to the House. While I am on my feet may I explain one other point? The Honourable the President is little doubtful whether this item was brought to the notice of the Standing Finance Committee. I agree that no specific memorandum on this item was placed before the Standing Finance Committee; but not only did that figure appear in the annexure to the Demand for grant No. 12, but it was also referred to in the body of the memorandum on demand No. 12. At page 162 you will find a specific reference to it under Demand No. 12—in the para. about the revised estimates for 1945-46. There it is mentioned "A sum of 1,19 lakhs has been provided for investment in Road Services." Further I may add that it is quite beside the point as to how it came about that savings occurred under demand No. 12 which were available for re-appropriation. That money became available within the grant and it was within the competence of General Managers to re-appropriate that amount to any other purpose which had the support of this House. (*Honourable Members:* "No, no".)

Sir Mohammad Yamin Khan: Can the Honourable Member give money voted for engines, to building railway stations for that amount?

Mr. A. C. Turner: The programme of rolling stock is put separately before the Standing Finance Committee in July each year in advance of the presentation to the Standing Finance Committee of the budget as a whole. That is done because if we put the whole of the budget before the Standing Finance Committee at one stage the amount of work would be overwhelming. For determining whether a special memorandum should be put before the Standing Finance Committee we do not add together all items of the same kind on each railway and then present a memo. if the total exceeds 20 lakhs: Only individual items under Open Line Works which exceed 20 lakhs are mentioned in separate memo. Sir. The point is that all expenditure comes before the Standing Finance Committee, although special memoranda are prepared only for individual items the cost of which exceeds 20 lakhs.

Sjt. N. V. Gadgil: The point is that this is a big amount. Under one pretext or another it has not been brought before the House for a vote on it, because it represents a certain policy. According to him it was accepted. According to me, it was not accepted. I will not go into the details or interpret the vote. Enough for me to say that he knows very well that there was a great deal of opposition. Therefore I am driven to say that there was an attempt to avoid a vote of the House on this big amount of one crore, 16 lakhs and 68 thousands. If he had come with a supplementary grant, then this House would have certainly scrutinised it, because a supplementary grant must undergo the same process of scrutiny and criticism which the original budget undergoes. This House, under the present Act, has only limited power

and if what little power we have to scrutinise the expenditure is sought to be curtailed under the pretext of mere irregularity or misinterpretation of the rules, I submit that the House must show its resentment by throwing out the entire supplementary demand which the Honourable Member has asked for under the head 'Railway Board'.

Shri Mohan Lal Saksena: Mr. President, I want to lay before the House a few points to enable it to judge whether there is anything hanky panky about this transaction or not. First of all I would like to draw the attention of the House to the fact that in the *ad hoc* committee's report it was pointed out in para. 6—During the discussions in the committee it transpired that certain commitments had already been made in the C.P. in connection with the managing agents. The majority of the Committee are of the opinion that this was in contravention of the aforesaid agreement and is irregular.

I am not disclosing the proceedings of the Committee but the Honourable the Railway Member in his note of dissent said that it was regular and it was hoped that when this thing was pointed out at least he would take the Railway Finance Committee into confidence but this was never brought to the notice of the Railway Finance Committee. On page 162 we find that although there is this provision the Railway Finance Committee has pointed out that future negotiations were settled only in the current year and a sum of Rs. one crore and 19 lakhs has been provided for investment in road services. It is only in the current year that this has been provided for. And then we come to the para. on page 163. An amount of 3.48 crores has been provided for investment in road services. My point is why were these two items put in there?

Then, Sir, I may point out that during the discussions of the demands my Honourable friend Mr. Gole raised that point and he said that last year only 82 lakhs had been provided and how was this amount spent. Then I took up this again with the Honourable the Railway Member and he said that because the agreement was there he could go on spending the money and he was not prepared to come either before the Standing Finance Committee or before this House. After that I gave notice to the Financial Commissioner that we were going to move for the total rejection of the supplementary grant and on that I was promised that I will have full information. This morning I sent a note saying that I have been expecting that explanatory note and I did not get it. On page 241 you will see that the committee wishes to reserve their opinion regarding the budget provision of 3 crores, 47 lakhs, 98 thousands for investment in road services until the *ad hoc* committee appointed by the Assembly had investigated the progress so far made. After the *ad hoc* committee had made a report, this matter was again taken up in the Finance Committee. The majority of the members pointed out that it was the duty of the Financial Commissioner or the Railway Member to have brought it to the notice of the Finance Committee and if they had done their part it might have been said that the members had neglected their duty in not scrutinising it properly. Neither in the Finance Committee nor in the *ad hoc* committee nor before this House has it been explained to us how this big sum of one crore 18 lakhs was spent.

The Honourable Sir Edward Benthall: I have done it the first time I have been requested to do so.

Shri Mohan Lal Saksena: We have been at this for a long time. Under these circumstances we have no other alternative but to take the stand that my friend Sir Yamin Khan has taken. I am not revealing any confidential proceedings of the Committee and even there he pointed out that this was never brought to the notice of the Finance Committee. After all when there was a controversy about a particular item, I think it was the duty of the Government to have taken the members into confidence. If they had rejected it, they could have come before this House and asked for a vote of the House on this appropriation. I think the Honourable Member has not dealt with the House in the manner in which he is expected to deal.

The Honourable Sir Edward Benthall: Did the Honourable Member raise this point during the numerous meetings we have had? The answer is 'No'.

Sir Mohammad Yamin Khan: I put this point to the Honourable Member—are you thinking of coming up with a supplementary demand before this House. The Honourable Member said—No. He says that in pursuance of the policy agreed to by the Leaders of Parties he was going ahead and going ahead involves investment to which we had committed ourselves. I said that the matter must come up before the Standing Finance Committee.

The Honourable Sir Edward Benthall: On numerous occasions the matter was placed before the Standing Finance Committee since January last.

Sir Mohammad Yamin Khan: No, Sir. I made several requests, not one that the matter should be brought up by the Financial Commissioner.

Sri M. Ananthasayanam Ayyangar: It is unfortunate that what the War Transport Member has said is not quite correct. Nor is the statement of his lieutenant sitting behind him. Both myself and Sir Yamin Khan are members of the Standing Committee. There is a catch in the explanation which the Honourable the Financial Commissioner has given. He has taken a clue from an explanation which you tried to find out yourself. In any budget you know that the estimates for the coming year are placed before the House. In addition the revised estimates and the estimates for the current year are also placed as also the accounts for the previous year 1944-45. In that way for sanction of the future estimates, that is 1946-47, Demand No. 12 was placed before the Standing Finance Committee for Railways. At page 166 while placing before us the estimates for the next year, 1946-47, incidentally the previous year's revised estimate of 1,18 lakhs was also given here. You will see that wherever a definite statement is placed before the Standing Finance Committee and its approval is sought for, also with a view to place it before the Assembly, there has been no word wanted. You will kindly take Demand No. 1, page 2, where it is said: "The approval of the Committee is requested to a supplementary demand for Rs. 5,15,000." Wherever they want sanction for a supplementary demand being placed before the Assembly, the approval of the Standing Finance Committee is always sought for. But this was not said in Demand No. 12. Wherever they want to place a supplementary demand before the Assembly, the approval of the Standing Finance Committee is requested for a supplementary demand of so much amount which will be placed before the Assembly. But so far as this 1,18 lakhs is concerned, there is not a word said that a supplementary demand will be brought before the Assembly. What is brought before the House is the estimates for 1946-47 with a view to find out whether these estimates are true or proper. The previous accounts are given only for the purpose of comparison and not for the purpose of showing as to whether the previous expenditure had a sanction behind it or not. They did it on their own responsibility. Those things do not come before us. A huge book may be placed before us. In fact, the whole Library may be placed before us. Are we expected to know what the Library contains? It is their business to say that they want this and that they will bring a supplementary demand before the Assembly. Para. 2 on page 162 refers to the accounts of 1945-46, current year, and below it are the estimates for 1946-47. In para. 2 it is said that a sum of Rs. 1,18 lakhs is to be invested on road services. In the Explanatory Memorandum they have given as to what has taken place in the current year which is drawing to a close, so as to give us an indication as to what ought to be done in 1946-47. Even there it is not for the approval of the Standing Finance Committee or even for the approval of the House but it is only an explanation. Various other items may be mentioned. As a matter of fact, some works may run for a period of three or four years. An account is given as to what was done in the last year. But the point for consideration is what is to be done this year and it is only with respect to that that we will address ourselves. In the absence of a supplementary demand, I would respectfully submit all these explanations are only an after-thought. My Honourable

friend says that it is true it was not thought of at the time of the Budget for 1945-46. At that time they could not think of road services. My Honourable friend did not even care to place it before the Standing Finance Committee or before the Assembly. I do not attribute motives to him because it is wrong to attribute motives, but these unfortunate facts lead us to this conclusion. I am not going to attribute motives to my Honourable friend. I will assume that it is a mistake, but it is a mistake which is committed regularly, every day and every time. I won't say it is a deliberate mistake, but it is a mistake. What amount was needed for this road-rail transport service? Even to this day my Honourable friend with a host of establishment behind him does not know what it is and what is the ultimate estimate or ultimate commitment to which this House will be committed? Now is he in a position to say what amount has been spent? He has yet to get information from the various administrations from Cape Comorin to the Himalayas. He, therefore, did not place the statement before the House. My friend Sir Mohammad Yamin Khan committed a mistake there. Having committed that mistake, he was under the impression that he could get hold of 82 lakhs not for this road-rail scheme but for running the buses in the Punjab. But the buses have been purchased and the money has been spent. He wanted to cut off the nose but he has cut off the ear. That is what has happened. My Honourable friend should remember that the Honourable the Finance Member will run up to the Governor General to restore the demand which he is trying to throw out. He wanted to make an image of Eswara but it actually turned out to be a monkey. Therefore, he wanted us to restore the amount, but it is an unusual procedure. We have never done it nor do the rules provide for it. We can give it only on one condition that he must come out with a scheme regularly. Are we not entitled to have the scheme, to have a say then and to have a say hereafter. Nothing was done. He placed a block scheme before us. It is true we admitted that the Leaders of Parties must put their signatures to that scheme. Under the Hindu law, if I sign a pro-note, my son is responsible for it, but sometimes the minors have the right to repudiate their father's obligations. Similarly, as a minor last year I kicked up a row. But ultimately we are bound by the discipline of our party and therefore we consented. What did that mean and what did the vote of the House mean? It is open to you to enter into this road-rail problem. Is it necessary for me to say that? It is necessary for me to co-ordinate the road not only with rail but also with sea and a.r. Therefore, I am not opposed to the scheme. Does that mean that you can mortgage all this property to somebody for thousands of crores of rupees without the vote of the Standing Finance Committee or the vote of the House? The scheme is there. I do approve of it. But I cannot allow you to spend the money recklessly. Is it not open to me to say that it is out of all proportion to what you require? Therefore, it is the Standing Finance Committee which alone can accept the principle of the scheme. Even after the principle is accepted with regard to the open line works, if the work costs more than 20 lakhs you bring that work before the Standing Finance Committee for approval. This scheme costs Rs. 1,18,00,000, which is six times as much and therefore six times the approval of the Standing Finance Committee is necessary. Therefore, it must have been placed before the Standing Finance Committee six times for their approval. Was it placed before them at least once? It was not done. And what is the explanation? Rightly it was thrown out and therefore there was an *ad hoc* Committee appointed by the House. We submitted ourselves to the conclusions of the *ad hoc* Committee. It was only day before yesterday that the *ad hoc* Committee drew up the demand for 3 crores odd.

Now, Sir, what remains is this 1,18,000. What I wanted to say by way of interruption when my Honourable friend was speaking was this. My Honourable friend thought it was interference unnecessarily and therefore he did not give way. What I wanted to say was there was no harm in bringing supplementary demands. They can be brought, even a mistake can be recti-

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 fied. Last year you brought a supplementary demand for one crore 18 lakhs. Therefore you may ask what is the difference. What are you going to say which you and I have not already said. Is it not open to me to discuss the whole question again in the light of new developments? In the Central Provinces, you have mortgaged the entire revenues to two companies, one is Sir Sultan Chinoy

Mr. President: If the Honourable Member is likely to take long, we will adjourn now.

Sri M. Ananthasayanam Ayyangar: Yes, Sir, I shall take some considerable time, because the road is long.

Mr. President: When is this to be taken up again?

The Honourable Sir Edward Benthall: I have not given my mind to the question of Supplementary Demands. We might get them through if the Bretton Woods debate is finished early tomorrow. We can continue this debate tomorrow. The difficulty now is we have only half an hour's time now before we take up the General Budget. The other days will be occupied with the General Budget and the Finance Bill.

Prof. N. G. Ranga: Take your own time, but do not bring it up tomorrow.

Dr. Sir Zia Uddin Ahmad: Not tomorrow.

The Honourable Sir Edward Benthall: Towards the end of the session.

Sri M. Ananthasayanam Ayyangar: You can bring the other supplementary demands in the meanwhile.

Sir Cowasjee Jehangir: By that time everything will have been forgotten.

The Honourable Sir Edward Benthall: We will consider about this.

Mr. President: The result is we do not decide upon any date when this should be taken up.

We will adjourn for half an hour and meet again at Five of the Clock.

The Assembly then adjourned till Five of the Clock.

The Assembly re-assembled at Five of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

THE BUDGET FOR 1946-47.

The Honourable Sir Archibald Rowlands (Finance Member): Sir, Although I have not undertaken any intensive research to establish the fact, I imagine that I am the first Finance Member to deliver his first Budget Speech in the knowledge that it will almost certainly be his last.

2. In the interval since my distinguished predecessor presented his sixth and final Budget, the international and domestic scene has been transformed. The monstrous ambitions of the Fascist dictatorships have been utterly destroyed and the peace-loving and democratic nations can look forward to the building of a new world in the confidence that for many years to come their plans will not be frustrated and set at naught by the threat of external aggression.

But though our external foes have been overthrown, the world, and particularly India, is still confronted by a whole array of dangerous and enduring enemies—poverty, squalor, ill-health, illiteracy, under-nourishment and under-employment; and of these the most formidable is poverty. If we can expel this adversary from our midst, we shall find no great difficulty in dealing with the allies who revolve round his axis.

3. Let us not deceive ourselves, however, into thinking that we can triumph over the forces thus drawn up against us without a supreme and combined endeavour. Victory will not be achieved without sustained effort, without sweat and tears, without money or without leadership. Almost the greatest of these is leadership, and at this point I shall refer to the only political issue which I propose to raise in the course of my speech. No army has encompassed the defeat of its enemies on the battlefield without faith and confidence in its

leaders. With all the earnestness at my command I add one more plea to the leaders on the benches opposite to co-operate with those on this side and with H.M.G. in finding an early solution to the political problem. I am conscious of the difficulties and am not insensible of the width of the gulf which has to be bridged, but it is my firm conviction that with toleration, restraint and goodwill a solution can be found. What is certain is that for every day the solution is deferred, for so long will be postponed the attainment of India's destiny which is hers by right.

What I have said so far is merely to indicate in broadest outline what I conceive to be the aims of India's national long-term policy. Fiscal policy is merely one of the means to achieve national policy and in the proposals which I am about to submit to the House I have kept these long-term aims in mind. But necessarily and inevitably my proposals have been coloured and qualified by the conditions which have been created by the war and by its merciful termination earlier than any of us had dared to hope.

4. Let us pass these conditions under a brief review. While India has been spared the material destruction that has befallen many other countries, she has suffered in full measure, and in some directions in greater measure than others, the economic consequences of war. Her industrial equipment has been worked to the very edge of a breakdown and there is a large backlog of maintenance and replacement to be made good; more than that, the development of her economy and even her reconstruction are being delayed through her inability to obtain the necessary capital equipment owing to destruction and unsatisfied demands in the supplying countries. Civilian building has been almost entirely neglected for over five years, and this presses heavily on a country where the large annual increase in population and where growing industrial development require a continually expanding building programme. In India, as elsewhere, there have occurred large shortages of consumer goods, caused on the one hand by the failure of supplies from overseas and on the other by the diversion of a large part of her productive capacity to war purposes. Outstanding examples are textiles and foodgrains, though there are many other examples. I do not propose to dilate on the foodgrains situation, since that is only too well known to the House. Finally, as elsewhere, the purchasing power in the hands of the public has enormously increased and here, too, the consuming public is anxious to make effective use of its spending capacity. In other words, there are still pockets of inflationary forces which require to be closely watched and controlled.

5. In one important respect, however, the situation in India resulting from the cessation of hostilities differs from that in other important belligerent countries such as the United Kingdom and the United States of America. In largely agricultural countries such as India and the Middle Eastern States, war expenditure, though in absolute amounts much less than in the industrialised states of the West, has had a proportionately greater effect in stimulating the growth of the national income. It follows that, with the fall in war expenditure which is now inevitable, a greater proportionate effort will have to be made if the national income is not to fall too far below its war-level. In other words, deflationary tendencies will, in the absence of countervailing measures, begin to manifest themselves before very long. When I mention that the drop in defence expenditure on account of His Majesty's Government and the Government of India combined will be of the order of Rs. 600 crores next year as compared with the Budget this year, the House will realise how strong these tendencies will be. It must, therefore, be the object of the Government, in the coming year, with the help of the public and of the business community, to avoid the Scylla of increasing inflation and the Charybdis of too precipitate a deflation.

FINANCIAL YEAR, 1945-46

Revenue

6. It is against this background that I now proceed to review the financial position for the current and the following years.

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Total revenue receipts are now expected to reach Rs. 360.66 crores, a decrease of Rs. 1.68 crores on the budget estimates.

Customs receipts are likely to improve by Rs. 9½ crores as a result of larger imports. Under Central Excises, however, we expect a short-fall of approximately Rs. 2 crores from the Rs. 48.59 crores provided in the Budget.

Under Taxes on Income, we estimated a collection of Rs. 190.5 crores, Rs. 90 crores under excess profits tax and Rs. 100.5 crores under other taxes on income. We now place the revenue at Rs. 189 crores, the short-fall of Rs. 1½ crores occurring under ordinary income-tax. The divisible pool of income-tax, is likely to amount to Rs. 55.94 crores and the share of the Provinces together with the carry over of Rs. 5.28 crores from the previous year, to Rs. 28.75 crores.

The revenue of the Posts and Telegraphs Department is now estimated at Rs. 32.84 crores, Rs. 96 lakhs more than the budget figure. Expenditure is placed at Rs. 22.17 crores, an increase of Rs. 2.14 crores, due mainly to post-budget decisions regarding war and dearness allowances. The anticipated surplus of Rs. 10.67 crores will accrue to general revenues.

The contribution from Railways to General Revenues has been taken at Rs. 32 crores as envisaged in the Budget Estimates.

Expenditure

7. *Defence Services.*—It has been customary during the war years for the Finance Member to give in this section of his speech a general review of the progress of the war and the activities of the Indian Defence Services both in India and abroad. Partly in order to reduce the length of my speech and partly because I feel that such a review would come more appropriately from the War Department I shall, on this occasion, confine myself to only such broad matters of policy as directly affect India's defence expenditure, leaving it to my Hon'ble friend, the War Secretary in the course of the budget debates, to give the House fuller and more detailed information on the administrative measures and other activities with which his Department is primarily concerned. I am circulating with the Budget papers an Explanatory Memorandum prepared by the War Secretary setting out in more detail the main administrative measures in the field of defence and giving details of the amounts provided in the defence Budget Estimates.

8. The outstanding events of the year were, of course, the unconditional surrender of Germany on the 7th May, followed, about four months later, by a similar surrender on the part of Japan. Though the latter event came about six months earlier than was generally expected, plans for the demobilisation of personnel of the Indian armed forces had been under active preparation for a considerable time before V-J Day and it was found possible to put these into operation at the beginning of October last. The number of personnel to be demobilised in India is well over a million and a half and no effort is being spared to speed up the rate of releases. It is a formidable task, which is complicated by transport difficulties and the uncertainties that must necessarily exist for some time regarding the ultimate size and composition of India's defence forces, but we expect it to be largely completed by the end of the coming financial year.

9. The actual discharge of personnel from the Indian armed forces represents, however, only one aspect of the process of demobilisation—using that term in its wider sense of the unwinding of war activities and the diversion of India's economic resources, both human and physical, from winning the war to the tasks of rehabilitation and development. Thus the defence authorities, besides dealing with the problem of the orderly release and repatriation of over one million and a half men from the fighting services, which includes the making of arrangements for the welfare of soldiers awaiting discharge and their education and preparation for civilian life, are directly concerned with the cancellation or reduction of their demands for stores of all kinds, the closing

or slowing down of munitions manufacture, the stoppage of building activity and the declaration of surplus stocks and the disposal of fixed assets no longer required for defence purposes. The complementary schemes and measures to ensure that the personnel and industrial resources thus set free are utilised as fully and speedily as possible for the recuperation and expansion of India's civil economy, are primarily the concern of the civil authorities both at the Centre and in the Provinces, though naturally, in view of the strong interest that the defence authorities have in the resettlement of defence personnel, they are constantly brought into consultation regarding these matters.'

10. In view of the fact that by the middle of the year the war had ended, it may come as a surprise and disappointment to some that the revised estimate for the current year does not indicate a more substantial fall in the expenditure chargeable to India's defence estimates, as compared with the budget for that year. The budget estimate was Rs. 394.23 crores and the revised estimate is Rs. 376.42 crores. The explanation for this is to be found very largely in the heavy costs of war gratuities, special leave and other terminal benefits granted to personnel on discharge in addition to their pay and allowances and other maintenance expenses while awaiting discharge in India.

11. With effect from V-J Day (2nd September 1945) the supply of goods and services from the United States of America to the United Kingdom and other countries under Lend-Lease arrangements came to an end and from the same date those nations, including India, ceased to provide services and supplies for the U. S. Forces on Reciprocal Aid terms. It was agreed, however, as a matter of administrative convenience, that supplies and services through mutual aid channels should continue for a short time to be rendered on both sides, but on a cash repayment basis. A number of claims and counterclaims are arising between India and the United States of America on this account.

12. Another matter outstanding between India and the United States of America is the settlement of Lend-Lease and Reciprocal Aid, and the transfer to the Government of India *en bloc* of stocks and installations accumulated by the United States of America authorities in India during the war and now surplus to their requirements.

It is clearly necessary to arrive at an early understanding with the United States of America on these matters and the Government of India therefore welcomed a suggestion from the U. S. A. Government of their discussion at Washington. Two senior officers will accordingly be deputed to America for this purpose.

Civil Estimates

13. The revised civil estimates for the current year stand at Rs. 129.19 crores, an increase of Rs. 5½ crores over the Budget figure. Civil expenditure connected with the war shows a fall of Rs. 7 crores, but this is more than offset by the provision under "Grants-in-aid" of a further subvention of Rs. 8 crores to Bengal. This further assistance is calculated to bring the total Central grant to Bengal to a figure representing roughly half the cost to the Province of the disastrous 1943 famine, and does no more than enable the Government of Bengal to break even on their revenue account to the end of 1945-46, when most other Provinces have been in a position to tuck something away for purposes of their post-war development. It is accompanied by a withdrawal of the Central Government's offer to meet half the losses involved in the rapid turnover of food stocks which was found to be necessary to prevent wholesale deterioration, and represents the last measure of special assistance which Bengal will require from the Centre as a result of the major calamity which was peculiar to that Province alone. For the rest, the increase in the Revised Estimates is due mainly to the strengthening of the Central revenue organisation and to expansion in a number of Departments, mostly those which are popularly called "nation building". I do not propose to refer here to individual variations since they are explained in the Explanatory Memorandum which accompanies the printed Budget Statement, and developmental

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expenditure will be dealt with separately later on in this speech. There are, however, one or two matters of general interest which I should like to mention in view of their bearing on Central expenditure.

14. The House will appreciate that the sudden termination of active hostilities did not end the difficulties and abnormalities of the country's economy which the war brought into being. In discharge of its responsibility for the economic health of the country, the Government has of necessity had to maintain the system of controls, both economic and financial, which was developed during the war, but although some of the controls have come to stay, since you cannot have a planned economy without some controls, the remainder are being, and will continue to be, withdrawn as soon as they have ceased to serve the purpose for which they were designed. Indeed, some 150 control measures have already been so withdrawn.

15. The work of the Supply Department, now that war-time procurement operations have ceased to be of primary importance, is being directed towards restoring the civil economy of the country. The department has been amalgamated with that of the Industries and Civil Supplies and the new department will deal mainly with the development of industries in accordance with the approved plans. During the first seven months of the current year the value of orders placed by the Supply Department was Rs. 107 crores compared with Rs. 162 during 1943-44. Latterly one of the main tasks of the department, however, has been to terminate war contracts already entered into and arrange for the disposal of surplus stores. By December 1945, existing contracts to the value of approximately Rs. 20 crores had been cancelled, while in other cases contractors were permitted to utilise the materials acquired by them for Government contracts for the production of goods required by the public. As a result of this policy, the amount of compensation paid has been very small and amounted to only Rs. 8 lakhs to the end of January, representing the final settlement of claims for contracts totalling over Rs. 13 crores. Some Rs. 8½ crores have also been received by the direct sale of surpluses. I have already referred to the negotiations which are taking place with the American authorities in connection with the disposal of U. S. A. surpluses in this country.

The future policy in regard to Ordnance factories has been laid down, and, as a purely short-term measure, the available spare capacity is being utilised for the production of civilian goods in short supply.

A Co-ordination Committee of Council has been appointed to ensure that the many complicated problems connected with the transition of India's economy from a war footing to a peace footing are effectively integrated and speedily dealt with. The Defence Department was wound up last month.

16. To summarise the whole budgetary position in 1945-46, the figures are these:

Original Budget.—Expenditure Rs. 517.63 crores, Revenue Rs. 362.84 crores, giving a revenue deficit of Rs. 155.29 crores.

Revised Budget.—Expenditure Rs. 505.61 crores, Revenue Rs. 360.66 crores, yielding a revenue deficit of Rs. 144.95 crores. The revenue deficit position has, therefore, improved to the extent of Rs. 10.84 crores.

FINANCIAL YEAR, 1946-47

Revenue

17. I turn now to the financial year 1946-47. Before taking into account fresh taxation proposals and an adjustment to which I shall refer later, our total revenue estimates amount to Rs. 307 crores compared with Rs. 362.84 for the current year.

Customs receipts have been placed at the conservative figure of Rs. 65 crores net, which is the same as in the revised estimates for the current year; but with

an improvement in the shipping position and with the increasing availability of supplies from exporting countries receipts may well exceed this figure. Under Central Excise Duties, the estimates provide for Rs. 47.20 crores.

Now that war activities have ceased, we are allowing for a total revenue of Rs. 158 crores only under Corporation and Income-taxes. This includes an expected yield of Rs. 75 crores from excess profits tax. The divisible pool of income-tax has been taken at Rs. 46.79 crores and the share available to Provinces at Rs. 19.64 crores.

The revenue of the Posts and Telegraphs Department is expected to be Rs. 32.25 crores and expenditure Rs. 22.25 crores, inclusive of an extra contribution of Rs. 50 lakhs to the Renewals Reserve Fund. The surplus is estimated to be Rs. 10 crores.

In modification of the policy pursued during the war years, of taking the entire surplus of the Posts and Telegraphs Department to general revenues, it is proposed, for the coming year, that the contribution should be three-quarters of the surplus instead of the whole. The share which accrues to the Posts and Telegraphs Department will strengthen the resources available for expenditure on post-war schemes.

As regards the contribution from Railways, we are providing for Rs. 7.36 crores. This represents a drop in receipts by Central Revenues of nearly Rs. 25 crores. The House is already aware of the basis of this estimate from the Railway Budget recently presented.

Expenditure

18. *Defence Estimates.*—As already mentioned, general demobilisation will be in progress throughout the year 1946-47 and for this reason the defence estimates for that year are inflated by the abnormal expenditure arising out of that process. Provision has been made for the maintenance of an Indian contingent consisting of one Indian brigade, one R.I.A.F. squadron and two R.I.N. sloops, with ancillary and administrative units and formations, to be stationed in Japan during the year as part of the forces of occupation furnished by the United Nations. Apart from the great part played by her armed forces in the subjugation of the Japanese, India's representation amongst the forces of occupation is an appropriate and inevitable recognition of her international importance.

Some reduction in the estimate has resulted from the decisions to withdraw Japanese campaign pay, the further accrual of war service increments, and other war-time concessions, with effect from various dates in 1946-47.

19. It has been decided, after consultation with His Majesty's Government, that the Financial Settlement will remain in force until the 1st of April, 1947. In spite of much discussion on the subject both in this House and elsewhere some confusion of thought and misunderstanding still persist about the nature and intent of this Settlement. Three separate, though interconnected issues, are involved.

First, there is the principle in accordance with which expenditure on the armed forces of India is borne by the revenues of India and of the U. K. respectively. The principle is simple and is not new. It has been in force for many years. It is this: expenditure incurred for the purposes of India's own defence falls on India; the remainder falls on His Majesty's Government.

Secondly, there is the so-called Financial Settlement. This is merely a set of accounting rules for allocating to the respective exchequers the total war expenditure in accordance with the principle to which I have just referred. Experience gained in the last war showed that the normal peace-time methods of determining the shares to be borne by India and the U. K. in accordance with this principle are quite impracticable under war conditions and the Settlement was, therefore, devised as a rough and ready means of arriving at India's share of defence expenditure, which, while broadly conforming to the accepted principles of incidence, would not impose an intolerable strain on the administrative and accounting machines. Shortly after the conclusion of hostilities with Japan, His Majesty's Government asked us to consider a suggestion that

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the Financial Settlement might be terminated on the 31st March, 1946. It was pointed out to them, however, that the great virtue of the Settlement lies in its saving of manpower and that, in view of the heavy calls that general demobilisation and other transitional activities would make on India's administrative and accounting staffs, the reversion during next year to the normal accounting methods of allocating expenditure would be impracticable. It was therefore urged by us that the retention of the Settlement until the end of that year (by which time these disturbing factors would have largely disappeared) was essential, and His Majesty's Government has accepted this view. I want to emphasise that it was Whitehall and not Delhi that wanted to drop the Financial Settlement at the end of the current financial year.

Thirdly, there is the method of financing the expenditure for which His Majesty's Government is responsible. This is not affected in the slightest degree by the terms of the Financial Settlement itself; it follows that the continuation of the Settlement for another year in no way prejudices the question of an alteration in the financing procedure hitherto followed, which, as the House knows, has resulted in heavy accumulation of sterling balances. The question of alternative methods of financing His Majesty's Government's expenditure is engaging the closest attention of Government, although, as will be seen in a second, the amount involved next year is insignificant in comparison with the total of our sterling assets to date.

20. The estimate of defence expenditure recoverable from His Majesty's Government for the year 1946-47 is only Rs. 42 crores, against Rs. 489 crores in the Budget for the year 1945-46. The very marked decrease in next year's claim reflects partly the success of the Hydari Mission's efforts to secure a reduction of the demands for war purposes on India's productive capacity, partly the decision to discontinue, except in respect of certain agreed categories of stores with effect from 1st April, 1946, the use of India as a source of supply of the S. E. A. Command's requirements, partly the fact that, to a large extent, the requirements of both the India and S. E. A. Commands during 1946-47 will be met from stocks in India paid for by His Majesty's Government in previous years; and finally the large reduction in the numbers of Indian troops employed overseas. The recoverable expenditure for 1946-47 will thus represent for the most part the pay and allowances of Indian forces employed on occupational duties overseas (elsewhere than in Japan) and connected transportation charges incurred in India.

21. While the war lasted, the budget estimates of the defence services ceased for the most part to serve as instruments for restricting and generally controlling expenditure. This was inevitable in view of the impossibility of foreseeing the course of the war and, therefore, the measures that would have to be taken to meet the threats to India's security as they arose from time to time. Clearly, if a measure could be shown to be essential for the prosecution of the war, its introduction could not be opposed merely on the ground of the absence of budget provision. Now that the war has ended this state of affairs can no longer be allowed to continue and it has been decided to reintroduce, as far as possible, the normal procedure for budgetary control over defence expenditure during 1946-47. Owing to the existence of numerous abnormal factors it will not be possible to introduce the normal peacetime accounting and budgetary procedure in its entirety, but I contemplate that such control will be substantially secured.

22. The budget estimates of defence expenditure for 1946-47 amount to Rs. 243.77 crores and Rs. 1.57 crores for the Revenue and Capital heads respectively, as compared with Rs. 876.42 crores and Rs. 14.98 crores in the revised estimates 1945-46. His Majesty's Government's expenditure is now Rs. 3.47 crores in the revised estimates for 1945-46 and, as already stated, Rs. 42 crores in 1946-47.

23. *Civil estimates.*—I shall not, at this stage, detain the House with details of the civil estimates. Suffice it to say that expenditure debitable to Revenue amounts to Rs. 111.94 crores.

The position for the coming year is thus as follows. The expenditure detailed in the civil estimates comes to Rs. 111.94 crores and provision for the defence service has been placed at Rs. 248.77 crores, the combined total being Rs. 355.71. The total revenue at the existing level of taxation is estimated at Rs. 307 crores. We are thus left, before making adjustments resulting from taxation proposals, with a prospective revenue deficit of Rs. 48.71 crores, as compared with Rs. 155.29 crores in the original and Rs. 144.95 crores in the revised budgets for 1945-46.

WAYS AND MEANS

24. In the context of war finance our ways and means operations have assumed a position of special importance and my predecessor took occasion to explain the changed significance which they have come to occupy in the broader field of Government's financial and economic policy as a whole.

During the period of hostilities, due to the situation created by our own war expenditure and that of the Allied Governments, a major pre-occupation was the problem of trying to absorb by taxation and borrowing, the purchasing power in the hands of the public so as to bridge, or to reduce to a manageable size, the inflationary gap. Today the problem in its broadest aspects has, as I have indicated earlier in my speech, two facets, first, of securing stability in the immediate future by keeping in check an inflationary potential that undoubtedly still exists, and secondly, of preventing any material decline in business and economic activity as a result of the cessation of war-time expenditure.

In so far as the immediate problem still remains that of an excess of purchasing power competing for a limited volume of consumer goods, a main objective of our policy in the financial sphere must be to ensure that, through the issue of various loans and through other forms of borrowing, as well as by measures of taxation, surplus funds in the hands of private citizens are diverted to the public fisc to the extent that they are not devoted to new productive enterprises. Investment in Government loans and the consequent withdrawal of redundant purchasing power from the public has the two-fold advantage of mitigating the pressure of such surplus funds on the prices of consumable goods, and, at the same time, of building up reserves in the hands of Government for development purposes.

25. With this purpose in view, we have continued our efforts to popularise investment in Government loans. While the support accorded by the various sections of the public to the borrowing programme of Government has been satisfactory, a great deal remains to be done to bring home to the population in the rural areas the desirability of investing in Government loans, in furtherance of the common good. With the object of turning the savings movement from a wartime measure to combat inflation, to a peacetime organisation which can serve a great social end, the Small Savings Scheme has been reorientated with the primary purpose of encouraging consistent savings among the less well-to-do section of the community. Particular emphasis has been directed towards ensuring that no pressure is brought to bear, but that the people should be persuaded, by reasoned explanation of the advantages, to save regularly whenever possible and however small the amount. The propaganda which has recently been launched with the co-operation of gentlemen eminent in the public life of the country has been directed towards these ends and I should like to take the opportunity of acknowledging the support which they have given in laying the foundations of a scheme which, I believe sincerely, is not only in the interests of the individual saver but also to the advantage of the community as a whole. I greatly hope that the day is not far off when the people will cease to keep the bulk of their savings in the form of hoarded currency, or bullion or superfluous ornaments, and will put their savings to work to create new wealth. It has always seemed stupid to me that man should expend so much effort in digging out treasure from mineral deposits only to bury the bulk of it in safe deposits.

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26. During the last financial year Rs. 40½ crores were invested in Small Savings and, during the first nine months of 1945-46, Rs. 48½ crores have been accumulated. The total amount invested by the public in the various public loans offered during the period February, 1945 to January, 1946 aggregated Rs. 846 crores, compared with Rs. 286 crores during the corresponding period last year.

The progressive total of public loans issued since the beginning of the war up to the end of January 1946 reached the figure of Rs. 1,178 crores. Impressive as this total is, the House will agree that there is no room for complacency when we regard the development expenditure in prospect. It is true that it has been possible to float the loans required for the prosecution of the war cheaply, but it is necessary at the same time that funds required for India's development should be obtained at equally and even more favourable rates. If large developmental expenditure is to be undertaken, whether from the public fisc or from the private sector, one of the pre-requisites will be the ability to borrow what is needed at cheap rates of interest. On the other hand, the capacity of the country to lend to the State will depend, to an appreciable extent at any rate in the years immediately ahead, on the volume of expenditure by the Government of the day, coupled with other recognised important factors such as Government's taxation policy, the retention of selected controls and the public's liquidity preference. Borrowing and spending must, therefore, go hand in hand.

27. As a result of the gradual funding of our floating debt, there is a reduction in the outstandings of Treasury Bills. Thus, against a figure of Rs. 104.81 crores at the end of December, 1944, the corresponding figure at the end of December, 1945 was Rs. 66.01 crores. It is true that our comfortable ways and means position does not compel the continuance of this form of borrowing, but this class of investment plays an important role in the money market. In the coming years it may be necessary, and even possible, for Government to exercise greater discrimination in the finding of development expenditure and to meet some of it by short term borrowing. I am satisfied that we can without risk carry a floating debt substantially in excess of the present figure.

Excluding the contributions for quotas under the Bretton Woods Agreements, in regard to which special arrangements will be made with the Reserve Bank of India at the appropriate time, the total borrowings which I hope to raise during the coming year amount to approximately Rs. 300 crores. This compares with Rs. 846 crores raised during the last twelve months.

28. As regards sterling, during the first nine months of the current financial year, £228 million were added to the Reserve Bank's holding and it is estimated, allowing for the receipts during the last three months of the year, that the total holding on the 31st March 1946 will be of the order of £1,380 million.

As I have already indicated, additions to this total on account of His Majesty's Government's defence expenditure will be quite small next year even if no change is made in the method of financing this expenditure. Indeed, it is possible that in the course of 1946-47 the United Kingdom may succeed in increasing her exports to India to such an extent as to avoid any further additions to our sterling credits and, perhaps, even to reduce them. And this, of course, is quite apart from the amount of sterling which will be convertible into free exchange as a result of the negotiations which will take place in the course of the year between His Majesty's Government and ourselves. I have made it clear on previous occasions that the arrangements to be made for the transfer of these balances are a matter for bilateral settlement between India and the United Kingdom and I take this opportunity of reiterating what I have said before, namely, that should negotiations take place while the present Government is in office, I would hope to associate representatives of the leading political parties in the country and other non-officials with the delegation appointed to undertake the discussion with His Majesty's Government. I would also

repeat what I have told the House previously, that India will be entirely free to take any line that she may see fit to pursue at these negotiations and any idea that she is committed in advance to a scaling down of the balances or to a continuance of arrangements under which such balances will continue to accrue is entirely without foundation. When these negotiations will take place, however, it is not yet possible to say, but it is highly unlikely that they will be held until the United States Congress has ratified the U.S.A.-U.K. Loan Agreement.

In my opinion, no grounds exist for the fears which have been expressed that India's ability to obtain, in the immediate future, capital equipment from abroad will be prejudiced by the fact that a large portion of her foreign exchange reserves are in the form of sterling. Indeed, I would go so far as to say that, for a number of years to come, the main consideration will not be the availability of exchange but the physical capacity of the two main exporting countries to meet the demands of a war shattered world. At the same time, the absorptive capacity of India herself and the rate at which the necessary technical personnel can be made available, may well be limiting factors of considerable importance.

29. Another question which is closely connected in the public mind with sterling balances is that of the so-called Empire Dollar Pool. There is a widespread belief that the arrangement which goes by this name has been grossly unfair to India, that this country has contributed enormous net amounts of hard currency to the Pool and that it would be to our advantage to withdraw from it without further delay.

There is, I am afraid, a great deal of misconception about the whole subject. Nobody is to blame for this misconception. It is mainly due to the fact that, for security reasons, it was not possible, while the war was on, to disclose the volume and details of the transactions which took place through the Dollar Pool.

I should like to examine the question very briefly under four heads: First, what is the nature of the Empire Dollar Pool? Secondly, how has its operation affected India? Thirdly, would it be to our advantage to withdraw from the Dollar Pool immediately? Fourthly and lastly, to what extent has India contributed to the Pool assets in excess of assets drawn by her from the Pool?

To take these points in turn. First, what exactly is the Dollar Pool? The Dollar Pool is, in effect, the modification, imposed by war conditions, of the sterling area arrangement which has existed for a century. Under this sterling area arrangement, Empire countries, and other countries as well, found it convenient and economical to settle their transactions on international account through sterling, through London. Before the war, sterling was freely convertible into any other currency. When war broke out, the ability of the Commonwealth to earn foreign exchange was severely reduced owing to the fact that productive capacity previously devoted to exports had to be diverted to armaments, munitions and other warlike stores. At the same time imports necessary for the prosecution of the war remained high. The different countries in the Commonwealth were, however, affected in this respect in varying degrees and an arrangement was therefore entered into among them whereby earnings of dollars and other hard currencies would be pooled and the essential requirements of the several countries, in terms of these currencies, would be met from the Pool.

Secondly, how did the pooling arrangement affect India? The answer is that India had free access to the pool to finance her essential current imports from hard currency countries, which included the U. S. A., Canada, Switzerland, Sweden and Portugal. Moreover, a sum of 20 million dollars was specially earmarked to pay for capital equipment required by India from non-sterling countries for her post-war development.

Thirdly, would it be in India's interest to withdraw from the Pool forthwith? In my view, it would be premature and unprofitable to do so, since the balance

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of trade with the U. S. A. has been unfavourable to India for many months. In other words, India is receiving from the Pool more dollars than she is currently earning, and she is far from having exhausted the sum of 20 million dollars to which I have just referred. Moreover, under Article 7 of the Anglo-American Loan Agreement, the U. K. are committed to making arrangements which will involve the dissolution of the Dollar Pool within one year of the effective date of that Agreement.

Lastly, what is the excess of India's contribution to the Pool over her drawings from it? The wildest and most fantastic guesses have been made and the lowest non-official guess has put the figure at several hundred crores. I have been at considerable pains to establish what the true position is. Owing to the number and complexity of the transactions, it is very difficult to arrive at completely accurate figures, but with the help of the Reserve Bank I can give figures which are approximately correct. Here they are: Between September 1939 and March 1945 India earned hard currency assets to the amount of Rs. 864.88 crores. Excluding the 20 million dollar special fund which I have already mentioned, India has utilized hard currency assets to the amount of Rs. 265.02 crores. To this latter figure should be added the net import of gold from the United Kingdom during the same period, since gold is equivalent to hard currency. Computed at the world (not the Indian) price, the value of this gold is Rs. 50.08 crores. The balance in India's favour is, therefore, Rs. 49.28 crores as at March of last year.

It is contended that India should claim this amount from what remains of the Dollar Pool. Having regard to the essential character of the Dollar Pool, it seems to me difficult to establish a claim on this basis. The most that could be claimed would be a *pro rata* share of the existing Pool assets. But even if the full amount could be established, it is much less than I hope and expect that we shall obtain by way of free exchange from the pending negotiations between India and the United Kingdom on the subject of sterling balances.

POST-WAR PLANNING

30. I shall now turn to the important subject of development planning, in which great strides have been made during the past twelve months, both at the Centre and in the Provinces. My predecessor last year referred to the steps which had been taken at the Centre for dealing with post-war planning and development, and mentioned a number of important preparatory measures which had been put in hand, such as the establishment of a Central Electrical Power Board, an Irrigation and Waterways Board, the Re-settlement and Re-employment Directorate and the training of students overseas. Preparatory work of various kinds has expanded and intensified throughout the year, particularly in connection with the "Grow more food" campaign, essential training both in India and overseas, preparations for the re-settlement and re-employment of ex-soldiers and discharged war workers, and various research activities. In addition, all-India policies in respect of a number of subjects such as education, agriculture, food, health, labour, transport and civil aviation have been announced. The Central Government Departments have not confined their activities to advancing their own plans but have also been able to assist the Provinces in the preparation of theirs. Some, indeed most, of the subjects which I have just mentioned are, of course, primarily the responsibility of the Provincial Governments, but we hope that the general policies suggested, for example, in the Report on Education and in the Report of the Committee on Public Health will afford valuable guidance to Provincial Governments. All Provincial Governments have formulated their 5-year plans, and they are now under review by the Centre so as to ensure that they are properly co-ordinated *inter-se*, are generally in broad accord with all-India policies and objectives, and are individually and collectively feasible. I anticipate that, after due examination and discussion with Provincial Governments, the Provincial 5-year plans will be finalised in the course of the next few months. They involve

expenditure of the order of Rs. 900 crores, part of which, however, will extend well into the second five year period. In addition to this, the plans of the Centre in respect of railways, roads, civil aviation, tele-communications, Central institutions, etc., will also add up to a considerable figure. Our approach to the problem of planning has been of the severely practical kind, for which the main justification is that we now have within a minimum of time a very large programme of practical and desirable schemes in an advanced stage of preparation.

31. I have already mentioned the very heavy drop in war expenditure and the deflationary tendencies which this drop will set in motion with a consequent threat of widespread unemployment and depression. The House will doubtless wish to know what is being done to meet the situation. Industrial development cannot be relied upon to fill the immediate gap, if only because of the difficulties and delays in securing large-scale imports of capital goods. No Government, whether Central or Provincial, can afford to contemplate with complacency the onset of deflation or allow purely financial considerations to stand in the way of maintaining the economic health of the country. Public expenditure of a useful kind is the obvious remedy, and in May last Provincial Governments were asked to select from their 5-year plans schemes which would create employment and could be started at short notice; they were promised a substantial contribution towards the cost of such measures. When the war with Japan came to an unexpectedly early end, the position was further reviewed and our offer of financial assistance extended. Provincial Governments have been urged to embark forthwith on all schemes which provide a high proportion of employment relative to the cost, or are productive or of economic importance calculated to increase the national income. Such schemes will include roads, buildings, minor irrigation works, anti-erosion measures, agricultural and forestry development, and public health measures such as anti-malaria, water supply and drainages schemes. As an incentive to urgent action we have undertaken to provide Provincial Governments with all the funds that they may require for approved schemes of this nature up to the end of March, 1947. In the case of self-financing schemes, this assistance will take the form of loans, while for others we are prepared to make advance grants to cover the full costs, which will not be recoverable but will be adjusted against whatever scheme of Central grant is eventually decided upon. Lists of schemes proposed to be taken up during this interim period have been received from most of the Provincial Governments, and approval is being freely and quickly accorded. A lump sum provision of Rs. 35 crores has been made in the budget estimates for such advance payments, and of Rs. 15 crores for loans to Provinces for productive development works.

32. For Central Government development schemes, excluding some Rs. 22 crores on Railway items, a total provision of about Rs. 27 crores has been made in the Budget. This covers development expenditure in the 6 P. M. Centrally Administered Areas, expenditure on the post-war plans of the Posts and Telegraphs and the Civil Aviation Departments, special loans to Port Trusts to assist them in carrying out works which will create employment, and a lump-sum provision for various schemes of the Central Departments which are not sufficiently advanced for inclusion under the ordinary departmental budgets. One of these latter items, to which I would like to invite attention, is the Labour Department's subsidised housing scheme. Building is one of the most useful and desirable forms of investment, in regard to which there is, as I have already said, a tremendous leeway to be made good. The scheme, which is intended to benefit not only employees of Governments and Local Authorities but also industrial workers, provides for a subsidy up to 12½ per cent. by the Centre to local bodies and industrial employers, provided the Provincial Government concerned is also prepared to make a grant equivalent to 12½ per cent. of the cost to enable suitable houses to be constructed for the poorer classes of workers who are not in a position to pay a full economic rent. The scheme will apply mainly to urban employees, but we have not overlooked the

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importance of improving rural housing conditions also, and we are considering the possibility of setting up model housing schemes in selected villages in Delhi Province or other Centrally Administered Areas. In order to assist and stimulate private building activity special steps are being taken to increase allocations of coal for the burning of bricks and releases of timber, cement and steel, to relax controls over these materials and to expand production capacity. I think it is true to say, in regard to all the various schemes to which I have referred, whether Central, Provincial or private, that any delay which may arise is far more likely to be due to lack of qualified personnel than to lack of funds.

33. In the matter of the general financing of governmental plans there is little that can usefully be added to what has been stated in the last two Budget speeches. The scope for development is greatest in the Provincial sphere, but planned development on a national scale must be a joint and co-ordinated effort by both the Central and Provincial Governments, with a large measure of pooling of resources notwithstanding constitutional limitations. The Centre and the Provinces alike will need to develop their taxation resources to the full. If this is done, and effort during the early years is concentrated on economic measures designed to increase material prosperity and national income so as to build up revenue on which expansion of the social services must depend, there is good reason to believe that funds will be available to the extent that they can be usefully spent. It seems likely that Provincial Governments between them will have, by the end of the current year, balances of the order of Rs. 70 crores, and will acquire during the next 6 years revenue surpluses totalling some Rs. 100 crores. They have based their plans on the broad assumption that, apart from borrowings either from the Centre or from the market, they will receive Central grants during the quinquennium amounting to approximately Rs. 250 crores which will be distributed roughly on a population basis. I do not myself regard population as an altogether appropriate basis of distribution and would prefer a scheme more on the lines of the Australian grants system, under which grants to States are made on the recommendation of an independent and impartial body such as the Australian Federal Grants Commission. As I understand it, the Australian system aims at achieving a reasonably equal standard of social and cognate services in all the States of the Commonwealth. In making their recommendations, the Commission takes into account such factors as the natural resources of each State, its stage of industrial development, its taxable capacity, the extent to which this taxable capacity is exploited, and so on. The Commonwealth Government have very kindly agreed to receive one of my senior officers to study on the spot the working of the Australian system and the possibility of its adaptation to Indian conditions. Pending his report I am not in a position to make any more definite statement on the subject.

34. It is not on the activities of the Government alone, however, that the rapid development of India will depend, but also, and to a very large extent, on the efforts of private enterprise, particularly in the industrial field. I do not propose to go into the details of the various measures which the Planning and Development Department, in co-operation with the other Departments of Government and the industries concerned, have in hand for the rapid progress of industrialisation of this country. Reference to those measures will take place during the course of the budget debates. For my part I need only mention some of the more important measures which I have taken in hand. One of them is the establishment of an Industrial Finance Corporation in order to ensure the availability of medium and long-term credit to industrial enterprise in India where the more normal methods of industrial finance are inadequate. Detailed proposals for the establishment of such a Corporation have reached an advanced stage of preparation. Legislation will be required, and I shall endeavour to introduce the necessary measures in the course of this session.

35. Another matter which is under the consideration of my Department is that of the planning of investment, both public and private, with a view to securing the fullest and most advantageous utilisation of the economic resources of the country in the interests of planned capital development. Investigation is required to determine whether a National Investment Board should be set up for this purpose, and, if so, how it should be constituted and on what lines it should work. Meanwhile, the existing control over capital issues must necessarily be continued. Some measure of relaxation has been rendered possible by the steady reduction of pressure on goods and services in short supply which the end of the war has brought about; but that control is necessary to prevent excessive flow of capital into less important or less desirable directions which would lead to unregulated and lopsided development will, I think, hardly be disputed. Whatever final decision is taken will require the backing of new legislation, until which time the course must be kept clear by retaining the existing Defence of India Rule in operation.

36. If control over investment is to be made effective, the Government of India's statistical and economic organisation will have to be so strengthened as to enable us to prepare, and to present with the Annual Budget, a National Investment budget. We are not at present in a position to introduce this desirable reform, but I have this year taken the first step by presenting a Central Capital budget along with the Central Revenue budget. It is but a modest step towards the ultimate objective, but it seems to me to be an innovation in the right direction. Even if it serves no other purpose, it will at least permit of a proper presentation of our transactions of a capital nature and focus attention on the productive and dead-weight indebtedness of Government, and on the expenditure of loan monies on productive and unproductive schemes. The changes made are explained at length in the Explanatory Memorandum, and I trust that the departure made from past practice will meet with the approval of the House.

37. Before I explain the taxation proposals for next year, there is one further matter to which I would like to refer. A widespread desire has been expressed for the appointment of a Committee to examine and report on the present tax structure and taxation incidence, with special reference to their effect on trade, industry, employment, standard of living, savings and capital formation. The Government appreciate that more than 20 years have elapsed since the last general enquiry into taxation in India was held, and that the situation has in many ways changed materially since then, particularly during the six years of war. Not least of the changes has been the re-orientation of economic thought in the interval. With the cessation of hostilities and an era of intensive development begun, which will require constructive planning of taxation with a view to ensuring the most effective use of the taxable resources of the country, the present may reasonably be regarded as ripe for a fresh comprehensive taxation review. I propose, therefore, to set up a Taxation Enquiry Committee in the near future. Since one important object of the proposed enquiry would be to secure, as between the various classes of taxpayers, an equitable distribution of the burdens of taxation, it would seem to be essential that, as in the case of the Taxation Enquiry Committee of 1924, the scope of the enquiry should extend to the whole field of taxation—Central, Provincial and local. While it would not be appropriate for the Committee to concern itself with the question of the distribution of taxable resources between the Centre and Provinces, it should cover the harmonisation of Central and Provincial taxation where experience has shown conflict or overlap to exist in their respective spheres, as defined in the Constitution Act. The present lack of uniformity in the incidence of taxation as between Provinces, illustrated by the varying rates of sales tax, octroi, property tax, motor taxation, etc., could be dealt with by the Committee. The main purpose of the enquiry would, however, be to ascertain what adjustments or modifications of the taxation system of the country as a whole would be required and could, from the practical administrative point of view, be introduced in order to produce a properly balanced and scientific tax structure, fair in its incidence and adequate to the needs of a forward development policy.

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without deterrent effect on initiative and private enterprise, and with due regard to the administrative requirements for the prevention of tax evasion. The Provinces are in favour of an enquiry of this nature. My provisional view is that the Committee should be predominantly non-official in character and that it should be an expert rather than a representative body, although care should be taken to obtain the views of all the interests affected,—industry, commerce, agriculture, labour, the consumer, the ordinary taxpayer and lastly, the Administration, both Central and Provincial. Above all, it should not be unwieldy. There appears to me to be in India a tendency to set up not only too many committees but also committees which are quite unmanageable from the point of view of size. I shall greatly welcome the views of Honourable Members as to the scope and composition of the Committee.

I now pass to my taxation proposals for next year.

NEW PROPOSALS

38. I said early on that fiscal policy was not an end in itself. It must subserve the ends of national policy. Its purpose should be not merely to raise a given revenue but to raise it in such a way as to obtain the maximum social and economic advantage and to distribute the burden as justly and as fairly as possible between the various classes of taxpayers. This is, of course, an ideal which it is difficult to achieve in this imperfect world, where psychological and political factors operate to modify and qualify economic theory and doctrine, but the pattern and design of my proposals attempt to conform as near as possible to this ideal.

39. The lines of this pattern are made plain in the opening paragraphs of my speech. Let me recall briefly the gist of those paragraphs. I pointed out, first that a great deal of money would be required to combat the evils of poverty, ill-health, squalor, illiteracy and unemployment; and secondly, that during the next year or two Government must do all it can to offset the fall in economic activity which will otherwise result from the heavy drop in military expenditure.

The largest single source of revenue in the years immediately ahead will have to continue to be the profits of industry. I am conscious of the depressing effect on industrial enterprise of a high level of taxation on profits, and that it is the expansion of industry which holds out the earliest promise of increasing the national income and raising the standard of living in the country, although India will not achieve the maximum of economic health and wealth until agriculture as well as industry have multiplied their productivity many times.

The fiscal problem, so far as industry is concerned, is how to lay it under a heavy contribution and, at the same time, to encourage it to expand. This is the problem which I have attempted to solve, but its successful solution will require the whole-hearted co-operation of Industry itself. If it be the aim of India's industrial leaders, as I am sure it is, not so much to make millions for themselves as to raise the standard of life of India's toiling and poverty-stricken millions, then the problem can be solved.

40. Here is my own contribution to its solution. First, I propose to discontinue the Excess Profits Tax on earnings arising after the 31st March, 1946. The only justification for E.P.T. as a tax is the emergency which called it into being. By all the canons of taxation doctrine it is a thoroughly bad tax. It is rough and ready in its operation; it is unfair in its incidence and, beyond a certain point, it is a direct inducement to inefficiency. Except that I, as tax gatherer-in-chief, cannot refrain from casting a longing, lingering look behind at its high yield, none of us will, I think, mourn the passing of the Excess Profits Tax.

It will, of course, be realised that the discontinuance of the tax will not, of itself, affect the revenue of the coming year nor give any immediate relief to the class of tax-payer to whom it applies, since the tax will still be payable in respect of all excess profits earned up to the 31st March, 1946. The scheme of compulsory deposits will also remain in force to the end of the E.P.T. period.

As regards the refunds of E.P.T. deposits, they will be sanctioned in advance of the date for which the law provides, on condition that they are not distributed as dividends to shareholders but are required for the provision or replacement of buildings, plant or machinery.

When I remind the House that E.P.T. will yield Rs. 90 crores in the current year and is estimated to produce Rs. 75 crores in the coming year, Honourable Members will be able to measure the loss to revenue and the benefit to industry which the abandonment of E.P.T. implies.

One last word about E.P.T. Concern has been expressed about losses and expenditure which may arise in the period of transition from war-time to peacetime conditions and which may involve hardship if they are not allowed against the profits of the final E.P.T. chargeable accounting period. This question is under consideration and, when it is known what is the actual extent and nature of these hardships, then will be the time to consider appropriate legislation.

41. The next relief to industry which I propose is to revive the proposals which were dropped last year to grant special initial depreciation allowances of 10 per cent. on new buildings and of 20 per cent. on new plant and machinery and to allow for income-tax purposes expenditure on scientific research. In addition, I propose to widen the scope of what is called the obsolescence allowance, so as to make it include the loss of the asset by destruction or demolition and also to extend it to buildings. These proposals will cost Rs. 2 crores.

In order to complete the picture of the easements which I propose for industry, I shall now move to the field of indirect taxation. I shall return later to other direct taxation proposals which will affect industry.

42. I am anxious at the earliest possible moment to meet the demand so often made in the past for the relief from Customs duty of raw materials imported for industry; and also, to the extent that this may be practicable without injury to Indian manufacturers of similar goods, to reduce the rates on such imported plant and machinery as are now dutiable. The former proposal is estimated to cost approximately Rs. 70 lakhs. As regards the latter, it is difficult to estimate the cost of relief till a careful review of the position is made. So no allowance has been made in the revenue estimates on this account at this stage. It is proposed to give effect to the decisions separately by a notification under the Sea Customs Act.

43. I now revert to the direct taxation field but, before dealing with it as it specially affects industry, I should like to mention a proposal which will affect not only all classes of taxpayers but also Central and Provincial Revenues, namely, the amalgamation of the surcharges on income-tax and super-tax with the basic rates. This amalgamation is estimated to benefit the Provinces to the extent of Rs. 12½ crores at the expense of the Centre.

44. Coming back to industry, the total of the present rates of income-tax and super-tax on a company is 7½ annas. I propose to reduce this total of 7½ annas by 1½ annas to 6 annas, by a reduction of 2 annas in the super-tax and an addition of ½ anna to the income-tax. This is estimated to cost Rs. 7 crores. For the past two years the Finance Act has contained a provision giving a rebate of super-tax to companies at the rate of one anna on all sums not distributed as dividends. This, in effect, imposed an extra tax at the rate of one anna on all sums distributed as dividends. I think that circumstances now warrant the introduction of a new method for discouraging the distribution of dividends. In my view, a reasonable distribution is something which the shareholder has a right to expect and which should not attract a penal rate of tax. I am, therefore, proposing that, excluding dividends payable at a fixed rate, sums equal to 5 per cent. on the capital of the company, including reserves, and equal to 30 per cent. of the total income, may be distributed without attracting more than the 1 anna rate of super-tax. Dividends above that datum line will become liable to additional super-tax at steepening rates. I hope that this provision will keep the distribution of dividends within reasonable bounds and encourage the ploughing back of profits into the business. This is estimated to yield about Rs. 1½ crores.

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45. Before turning to the non-company direct taxpayer, it will be appropriate to mention at this stage another and somewhat novel proposal which affects both classes. I have referred more than once to the possible emergence of deflationary tendencies consequent upon the very heavy fall in military expenditure, and I reminded the House that, owing to the difficulty experienced by our industries in obtaining adequate quantities of capital equipment from abroad, they would not be able to do a great deal next year to replace the economic activity engendered by the vast military expenditure of recent years. There is, however, one direction in which the private sector of the national economy can do much to help. I mean, of course, building, which has been almost at a standstill, except for war purposes, for the past five or six years. The great advantage of a large building programme is that the ratio of labour costs to total costs is high and so, therefore, is the employment factor. Apart from the offer of subsidies for working-class dwellings which I have already mentioned, Government are doing all they can to assist by increasing the free availability (but by this expression I do not, of course, mean free of cost) of bricks, timber, cement and steel. But so important do I regard private building as an anti-deflationary activity that I have felt justified in going further and in making a contribution in the fiscal field. I am, therefore, proposing some income-tax relief where new buildings are begun and completed within the next two years. For residential buildings, I propose a two years' income-tax exemption and for buildings used for the purposes of the business, profession or vocation I propose that the initial depreciation allowance should be 15 per cent. instead of 10 per cent. These proposals are contained in a Bill to amend the Income-tax Act which is being put before the House. As next year's estimates are not likely to be affected, no provision has been made on this account.

46. And now I turn to greet the ordinary direct tax-payer, and I hope that, on reading tomorrow morning what I have to say, he will think the greeting cordial, or at any rate, as cordial as any greeting between an Income-tax Officer and an assessee can reasonably be expected to be. In my judgment, the steep rise in direct taxation inseparable from the war has borne more heavily on the man of moderate means and particularly on the man with a moderate fixed income than on almost any other class of tax-payer. I think the time has come to give him some relief. I propose to do this in two ways. First, by reducing the rate of tax in the lower ranges and secondly by increasing the earned income allowance. As to the first, I propose to reduce the rate on the second income slab of Rs. 3,500 from 15 pies to 12 pies, and the rate on the third slab of Rs. 5,000 from 2 annas 1 pie to 2 annas. These two changes will cost about Rs. 1½ crores. As to the second, I propose to raise the earned income allowance from one-tenth of the earned income, subject to a maximum of Rs. 2,000 (in terms of income), to one-fifth, subject to a maximum (in terms of income), of Rs. 4,000. This relief will cost about Rs. 3¼ crores.

47. I propose to take a further and, as I think, a logical step in carrying over the differentiation of treatment between earned and unearned income into the super-tax range. At the same time, I propose to increase the number of slabs in incomes subject to super-tax, the result being a more gradual steepening of the rates, although the rates will be more severe on the largest incomes than at present. The differentiation in favour of earned income is one anna in the rupee between Rs. 25,000 and up to Rs. 2 lakhs and half an anna between Rs. 2 lakhs and Rs. 5 lakhs. On the balance above Rs. 5 lakhs there is no differentiation. This proposal is estimated to yield about Rs. 75 lakhs. On merits, and as a partial offset to the loss of revenue involved in the three changes which I have just described, I propose to increase the rate of income-tax on the balance of income above Rs. 15,000 from 4 annas 9 pies to 5 annas. This will yield about Rs. 8¼ crores.

48. With two other and relatively minor changes I shall be done with my proposals relating to direct taxation. The first is a reduction of the rate on life insurance companies from 5 annas 3 pies to 5 annas. The second relates to

the discontinuance of the provision for funding a portion of the tax in the case of incomes up to Rs. 6,000. The reductions in the rates on the lower slabs and the increased earned income allowance now proposed take away the justification for this provision. Salaried assesses, however, have to be given the benefit of the provision in the coming year, since they came under the scheme one year later than other assesses. These two proposals are estimated to cost Rs. 25 lakhs.

49. I have now dealt with relief to industry and to the man of moderate means, and some of my Honourable Friends opposite will be wondering whether I propose to do anything for the poor man. In the field of direct taxation, I can obviously do nothing since he does not pay direct taxes. At least he does not pay them directly. The extent to which an increase or a decrease in direct taxation is passed on to him through the price of the articles he has to buy is one of the things which I hope that the proposed Taxation Enquiry Committee will examine and ascertain.

Nor is it easy to do very much for the poor man in the field of indirect taxation. The main advantage which he will derive from my proposals will be through the schemes, economic and social, which will be financed by the yield of the taxes contributed by the wealthier sections of the community.

But there are two other things which I am doing for the poor man, one negative and the other positive. As to the first, I do not think that any of my proposals will add to the cost of his essential purchases—indeed the contrary should be the case—and secondly, I propose to reduce the duty on kerosene, which plays so important a part in the economy of the poorer class households, from 4 annas 6 pies to 3 annas 9 pies an imperial gallon. This will cost about Rs. 65 lakhs, of which Customs will bear Rs. 60 lakhs.

50. And this brings me to my other indirect taxation proposals. I propose to continue (subject to some modifications) the general surcharge for one more year. In the customs tariff a small change is proposed in respect of "Wines". The rate of surcharge on "Wines", which is now one-fifth, will be raised to one-half, thereby bringing it on a par with "Spirits". I expect an increase of revenue by about Rs. 5 lakhs on this account. The duty on cinematograph films, both exposed and not exposed, is at present assessed on *ad valorem* rates. It will be an improvement to convert this into a specific duty charged on footage, and this change, besides yielding an increased revenue of Rs. 45 lakhs, will make for administrative convenience.

51. In the interests both of the revenue and of the indigenous grower, I consider it desirable to raise substantially the duty on imported betelnuts. I propose to fix the duty (without any surcharge) at the standard rate of 5½ annas a pound, with a preference of 6 pies a pound for British colonies. British colonies even now enjoy a preferential rate of 45 per cent. *ad valorem* against the standard duty of 54 per cent. *ad valorem*. The yield is estimated at Rs. 155 lakhs. I have considered very carefully whether, concurrently with an increase in the customs duty on imported betelnut, I should not reduce the excise on indigenous nuts in view of the fact that the wholesale trade, instead of passing the whole tax on to the consumer, has tended to reduce the price paid to the grower, thereby diminishing the benefit which the latter has derived from the high prices resulting from the cessation of foreign imports during the war. Any such reduction would, however, I am convinced, be absorbed by the wholesale trade and would bring little, if any, benefit to the grower. I am satisfied, moreover, that the increase now proposed in the customs duty on betelnuts renders reduction of the excise less necessary, since wholesale prices ought thereby to remain hereafter at a level which will permit the payment of a reasonable price to the grower. I have, however, been very impressed by the grower's difficulties, which I believe to be rooted in the weakness of his bargaining position *vis a vis* the wholesaler and I think that the grower's interests will be best served by organising the marketing of his products in such a way as to strengthen his position *vis a vis* the wholesale dealer; by improving cultivation methods and,

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if possible, finding further uses for the nuts; and I propose accordingly to make an annual grant of Rs. 3 lakhs for the purpose of financing measures designed to improve the production and marketing of this crop.

52. I propose a change in the levy of duty on cotton. At present the customs duty on raw cotton is 1 anna a pound and a further duty of the same amount is levied under the Cotton Fund Ordinance of 1942. The Fund has a sufficient balance to its credit to carry out the purpose for which it was created and it is no longer necessary to aid the Fund by proceeds of the special duty. At the same time, general revenues cannot afford to give up the amount yielded by the duty and I propose to amalgamate the two charges into a consolidated duty of 2 annas a pound (without any surcharge) which will be leviable wholly under the Indian Tariff Act, the Ordinance being repealed.

53. I shall bring my indirect taxation proposals to a close with two important changes. The first relates to motor spirit and the second to bullion. It admits of no doubt that, if India is to advance economically and socially, a great improvement in her road communications will be necessary. Village must be joined with village, town with town and producing centres with markets. Although the supply of motor spirit is at present severely restricted, it is not too much to hope that before the next financial year is out both vehicles and petrol will be available in much greater abundance. I propose to encourage the use of road transport by reducing the rate of duty on motor spirit from 15 annas to 12 annas an imperial gallon. This will cost Rs. 165 lakhs of which the share of Customs will be Rs. 120 lakhs.

54. My last proposal under Customs is in respect of bullion. As the House is aware, the Indian prices of gold and silver bear no sort of parity with world prices. The paucity of imports has, in a large measure, contributed to the present high and artificial prices. With the end of the war, and with the general restoration of normal trade in sight, we may expect the resumption of bullion imports, but we must be prepared to have ready a suitable machinery which will render it unattractive on the part of anyone to indulge in speculation and to hope to reap profits at present levels. I propose, therefore, to provide for the imposition of a specific duty on gold bullion and coin at the rate of Rs. 25 a tola of 180 grains fine. This rate will be varied from time to time by a notification under the Sea Customs Act, in order to attain in an orderly manner a reasonable measure of approximation to world prices. The House will appreciate the difficulties that lie in the way of framing any estimate of the likely imports during next year and the revenue that may result. I am, however, allowing for a revenue of Rs. 1 crore on this account, but the figure is no more than a shot in the dark.

55. As regards silver, the existing duty is 3 annas an ounce, with a surcharge of 7 1/5 pies. As it is proposed to have a specific duty (without surcharge) on gold, it is appropriate that the rate on silver should be brought reasonably in line, with gold. I accordingly propose to alter the existing rate to 8 annas an ounce, without any surcharge. At this stage I am making no revenue provision on account of this change in the tariff, but this must not be taken as meaning that I am satisfied that there will be no increase in supplies available to the market next year.

All these changes, except that in regard to raw cotton, are being put into immediate effect.

56. I shall now summarise the financial effect of the above proposals. In the field of direct taxation, my income-tax proposals will cost Central Revenues Rs. 21.50 crores, while the changes under customs and excise are expected to yield a net Rs. 5 lakhs. The estimated gap between revenue and expenditure will thus be increased from Rs. 48.71 crores to Rs. 70.16 crores. To bridge a part of this gap, I propose to transfer to revenue Rs. 26.10 crores, being the estimated balances in the two War Risk Insurance Funds, which sums are

transferable to revenue in pursuance of the provisions of the relevant Acts. On the basis of these proposals, next year's deficit comes to Rs. 44.06 crores.

I have come to the end of my story. I have aimed at keeping the revenue at the level necessary to sustain and advance India's economy and I have tried to do this by distributing the burdens and the reliefs evenly and fairly over the various classes of taxpayers. Is it too much to hope that the last budget presented by a British Finance Member will be judged on its merits and will not be rejected on purely political grounds? I humbly believe that my proposals will do something to help my Indian successor, who will shortly be taking over from me and to whom I wish the best of good fortune, to lead India farther along the road to prosperity, happiness and greatness. However that may be, I can assure him of one thing, namely, that he can search the world in vain for a more able, a more loyal or a more devoted body of public servants than those who serve in India's Finance Department and who are predominantly Indian. Brief though my association with them has been, it will always be a source of pride to me that it was my privilege to be their leader, even if for so short a time.

THE INDIAN FINANCE BILL

The Honourable Sir Archibald Rowlands (Finance Member): Sir, I move for leave to introduce a Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April, 1946.

Mr. President: The question is:

"That leave be granted to introduce a Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April, 1946."

The motion was adopted.

The Honourable Sir Archibald Rowlands: Sir, I introduce the Bill.

INDIAN INCOME-TAX (AMENDMENT) BILL.

The Honourable Sir Archibald Rowlands: Sir, I move for leave to introduce a Bill further to amend the Indian Income-tax Act, 1922.

Mr. President: The question is:

"That leave be granted to introduce a Bill further to amend the Indian Income-tax Act, 1922."

The motion was adopted.

The Honourable Sir Archibald Rowlands: Sir, I introduce the Bill.

Mr. President: The House will now adjourn until 11 O'clock tomorrow.

The Assembly then adjourned till Eleven of the Clock on Friday, the 1st March, 1946.

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