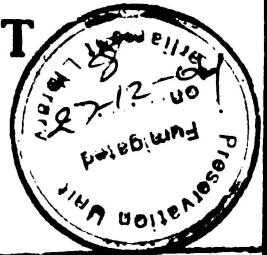


COUNCIL OF STATE DEBATES

OFFICIAL REPORT



PARLIAMENT LIBRARY
Acc. No. 190
Date 12/8/86

PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI.
PRINTED BY THE MANAGER GOVERNMENT OF INDIA PRESS, NEW DELHI.
1946

Price Five Annas

Copies of the Debates of the Legislative Assembly and of the Council of State are obtainable on sale from the Manager of Publications, Civil Lines, Delhi

COUNCIL OF STATE

Saturday, 30th March, 1946.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Hon. the President in the Chair.

STANDING COMMITTEE FOR THE POSTS AND AIR DEPARTMENT

THE HON. SIR MAHOMED USMAN (Posts and Air Member): Sir, I move:—

“That this Council do proceed to elect, in such manner as the Hon. the President may direct, three non-official members to serve on the Standing Committee to advise on subjects dealt with in the Department of Posts and Air during the year 1946-47.”

The Motion was adopted.

THE HON. THE PRESIDENT; With reference to the Motion which has just been adopted by the Council, I have to announce that nominations to the Committee will be received by the Secretary up to 11 A.M. on Wednesday, the 3rd April, 1946 and the date of election, if necessary, will be announced later.

FINANCE BILL, 1946-47—*contd.*

THE HON. THE PRESIDENT: The debate will now resume on the Finance Bill.

THE HON. PANDIT HIRDAY NATH KUNZRU (United Provinces Non-Muhammadan): Mr. President, the Finance Bill as it has come to us embodies many alterations which have been made in it by the Assembly. These alternatives relate to the lowering of the duty on kerosene, reduction in the price of matches, reduction of the duty on betel nuts from 2 annas to 1 anna and reduction of the duty on raw films from 6 pies to 3 pies. The Bill in its present form cannot be said to be either a rich man's budget or a budget meant to benefit the middle class. I think it benefits all classes. The poor man may not benefit much from any individual reduction but I am sure that he will appreciate the cumulative effect of all the reductions that have been made in the other House. In spite, Sir, of the improvements that have been made in the Bill there are two or three points that deserve consideration in respect of it. It has been criticised on the ground of the immediate and complete abolition of the E. P. T. I personally think that the fears of the Finance Member that the State would be called upon to pay a large sum to make up for the losses that might be suffered by those subject to it are rather exaggerated, but the tax having been abolished, it is unprofitable to discuss it. Its speedy abolition was inevitable, in any case. We have therefore to reconcile ourselves to its disappearance from our Budget.

The changes with regard to taxes on income do not, however, fall in the same category. I do not want to examine them in detail. I want to concern myself only with that aspect of the Finance Bill which concerns the joint Hindu family. I have ventured in the past to bring the grave injustice that is done to the Hindu community in this respect several times before the Finance Member, but every time I was met with the reply that while the question could be considered independently, it could not receive consideration in connection with the Finance Bill. Now I understand that the Finance Member said in the other House a few days ago that this matter would be referred to the Taxation Inquiry Committee. This injustice, which could have been rectified long ago, has been allowed to continue so long and is not to be considered even now by Government. They want to shelve the question by referring it to the Taxation Inquiry Committee which may take many years to report. I think, Sir, that if Government have any regard for justice in taxation, they should take up this matter immediately.

There is another question which is connected with the changes that have been made in connection with the incidence of the super-tax which will bear even more heavily on the joint Hindu family than it has done so far. Up to the present time the joint Hindu family must have an income of Rs. 75,000 a year before it can be required to pay super-tax. This limit has now been lowered to Rs. 25,000. The injustice has, therefore, deepened. Government, while saying that they would refer the question of giving relief to the joint Hindu family to the Taxation Inquiry Committee, are not prepared to wait till it has reported before imposing further

[Pandit Hirday Nath Kunzru]

burdens on such a family. I submit, Sir, that this is very unjust and Government ought to pay special attention to this question and ought at any rate to make no change which places the Hindu community in a worse position than that in which it is at present.

The next tax, Sir, about which I should like to say a word is the tax on betel nut. I am glad that it has been halved. With the duty as it is at present Government will be able to get a yield annually of about Rs. 90 lakhs from it. I venture to think, Sir, that in relation to the magnitude of our Budget and to the general considerations on which the Finance Member seems to have proceeded in making remissions, it ought not to be worth the while of Government to maintain it. Betel nut may be regarded as a luxury, but leave something to the poor man that is un-taxed. I do not by any means say that the poor man should not make any contribution to our finances, but you are making him pay in the shape of duties on tobacco, matches, kerosene, salt, and so on. Is there any reason why you should tax even betel nut, particularly when owing to the feeling prevailing in the country and the Legislature Government have agreed to reduce the duty and the yield will consequently be of the order of about three-fourths of a crore? I think it is still time for the Finance Department to reconsider the matter, although the Finance Member said in the other House a few days ago that he would not be prepared to agree to a further reduction of the proposed duty.

The observations that I have made with regard to the Finance Bill and the reductions that have been made in the Assembly leave me to a consideration of our general revenue position. Normally, Sir, taxes are reduced or abolished when there is a surplus in the Budget. This year, however, financial proposals have been made by the Finance Member the net effect of which according to him is to increase the deficit which already stood at about 48½ crores by 21½ crores.

THE HON. THE PRESIDENT: You must remember that the previous taxation was war taxation.

THE HON. PANDIT HIRDAY NATH KUNZRU: You may be certain, Sir, that I shall not overlook this important point. As the proposals stood before their consideration by the Assembly, the deficit amounted to about 70 crores. It is true that this has been reduced to about 44 crores by the transfer of about 26 crores from the two War Risks Insurance Funds. But this money is in the nature of a windfall. We cannot count on such income year after year. I think we must therefore realise that there is at the present level of revenue and expenditure a gap of about 70 crores between the two. Now, the changes made in the Assembly would amount to remissions to the tune of about 6 crores. Taking into account the cut made in the expenditure of the Information and Arts Department of about a crore, the net effect of the action taken by the Assembly would be to raise the deficit to the neighbourhood of 75 crores. It is obvious, as I said, that revenue considerations did not warrant any remissions in taxation. It is clear, however, that Government felt that the country was no longer prepared to bear the heavy burden of the taxation imposed on it during the war years. I have no doubt that the view of the Government is perfectly correct. The continuance of the old taxation would have led to grave dissatisfaction in the country and would have contributed very materially to the growth of the discontent which has been in existence for a long time on political grounds. The step that they have taken is therefore a wise one. But we have to consider, nevertheless, what our future revenue position will be and what ought to be done to strengthen it should there be any need for taking such a step. Sir, I do not know to what extent the arrears of the E. P. T. would be realised in the year 1947-48. But I take it that Government do not expect to collect more than, say, 25 crores in that year. If this assumption of mine is correct, there will be a drop of about 50 crores in the revenue from the E. P. T. Then there will be a drop in the income-tax and the super-tax and so on. We may therefore safely come to the conclusion that the reduction in revenue would be of the order of 150 crores. Now, how is this situation to be faced? The only possible way of making up for this loss of revenue is to reduce military expenditure. It has been reduced, I believe, by about 140 or 150 crores. But even now it stands at a very high figure, 246 crores. But even if the drop in military expenditure next year is of about 150 crores, this reduction

will just suffice to cover the loss of revenue on which I have already dwelt. The position is such that speedy steps must be taken to reduce the military expenditure. Our situation is such as to call urgently for it. But even when the Government of India have done all that they could in this respect, our revenue position, it seems to me, will be far from satisfactory. I have already referred to certain factors in this connection. I may refer to one or two items which will add to our expenditure. Consider, for instance, the policy of the Government of India in regard to the raising of loans. If they continue to borrow at the rate of 300 crores a year, there will be an increase in interest charges of about 9 crores annually. Then, we have to consider the expenditure on social services, education, public health, etc. Further, the grants that have been made to the Provincial Governments from Capital cannot, I suppose, be made to them year after year from the same source. They will have to be transferred to revenue expenditure. This will by itself make a big increase in that expenditure. There is again the money that would be required for implementing the policy of subsidising the poor man's food should that be accepted by Government, and so on. We thus see that while our expenditure will grow our revenues at present are not so elastic as to make us feel that we would be able to provide the money that our needs will require.

Now, Sir, Government cannot but be aware of the situation that will arise in this respect in the near future. They must have reviewed the course of our finances during the next five or six years and come to some conclusion. I think we are entitled to ask them to place the results of their review before the House. Every one is deeply interested in this subject. We should like to know, therefore, what will be our financial position during the next five or six years so far as the relevant factors can be appreciated at the present time. We should further like to know what in their opinion would be the normal growth of our revenue annually. I hope, Sir, that the spokesman of the Finance Department will be able to provide us with adequate information on this subject.

Sir, in view of the position that I have outlined the appointment of the taxation Inquiry Committee must be regarded as an important measure. We have been assured by the Finance Member that its duty will be to consider the character of our present tax structure, the incidence of the taxation and the adequacy of the funds at our disposal to the needs of post-war development. Let us hope that the Committee will be able to discharge creditably the onerous responsibility that has been placed on its shoulders.

Sir, in view of our financial position it is of the utmost importance that we should take care of every source of revenue and reduce unnecessary expenditure. Now, in connection with the first point, I would refer to the interest paid to us on our Sterling balances by His Majesty's Government to which I referred during the budget debate also but on which the Principal Secretary for Finance, or super-Finance Secretary, whatever his new designation may be, was silent. Sir, till about three years ago, we received in the aggregate, I think, about $1\frac{1}{2}$ per cent. interest on our Sterling balances but examining the figures as they stand at present it seems to me that the rate of interest has been considerably reduced. It seems to be now even below one per cent. ; it will probably be in the neighbourhood of .8 per cent. Now, I should like the Principal Secretary for Finance to point out whether there has been any reduction in the rate of interest, and, if so, what is the reason for it? Sir, we borrowed money for H. M. G. at 3 per cent. We received interest on the Sterling balances at the rate of $1\frac{1}{2}$ per cent. and the rate has been lowered further. Is this a fair proceeding? Is it not the duty of the Government of India to press that H. M. G. should bear the burden of paying the full interest on the money borrowed for their needs? I think, Sir, that this is a very important point. If His Majesty's Government deal justly by us in this matter we shall get relief to the tune of Rs. 30 crores annually.

The next point, Sir, which I should like to refer to, though it is a much smaller one, is the amount of the compensation paid by Government to those who suffered on account of the Bombay Dock explosion. I believe that they have paid about Rs. 15 crores to the sufferers. Now, the report of the Dock Explosion Inquiry Committee, I think, makes it clear that the responsibility for the explosion was not ours. The compensation for the damage sustained by the sufferers should

[Pandit Hirday Nath Kunzru]

therefore, be borne by His Majesty's Government. Have the Government of India made any attempt to recover the sum paid by them from the British Government? If they have we should like to know whether it has been recovered or whether there is a reasonable hope of its early recovery.

Now, Sir, I shall pass on to the question of reduction of expenditure. I have already said that the main reduction in expenditure that we can reasonably look forward to is in connection with military expenditure. Although owing to the military and the foreign policy of India being under the control of His Majesty's Government, we have been walled off from the outside world, the war has made every one of us aware of the character of the world we live in. It has made us realise our relationship to other countries. We are, therefore, prepared to bear the burden of making adequate provision to safeguard the integrity and honour of India but the heavy burden that this will impose on us can be borne only on two conditions. The first condition is that our Army should be nationalized. Our Army should be our own and should be Indian from top to bottom. If we enter a war the Army of India should stand on the same footing as the Army of any other country and not be in the humiliating position which it has occupied during the last 90 years. Again, Sir, this army must be placed under Indian control. If the army is to be fully nationalised, it is obvious that it must be placed under our control.

The second question is that British troops should cease to form part of the Indian Army. We cannot be reasonably expected to pay the heavy cost of maintaining British troops. The Joint War Secretary said in the other House, during the Budget debate, that if Indian troops were substituted for British troops, the saving would be of the order of 20 crores. The Finance Member, however, is reported to have committed himself to the statement a few days ago in the other House that the total cost of the British Army amounted to 20 crores. Now, there is a serious discrepancy between the two statements, and it seems to me, if the statements as they are reported are correct, that it is Mr. Mason and not the Finance Member who is in the right. The British Army in this country surely cannot cost only 20 crores. The expenditure must be much higher than that. Mr. Mason's statement shows how much India stands to gain by a substitution of Indian for British troops. I note, Sir, that there is no representative of the War Department today in this House. I was sorry to learn yesterday that my Hon. friend the War Secretary had fallen ill. But it was the duty of the Government in that case to bring somebody in to take his place. It is an insult to this House that there should be no representative of the War Department here to take note of our criticisms in connection with military policy and expenditure. So long as His Excellency the Commander-in-Chief was here, he took scrupulous care to be present on every important occasion. His disappearance for a few days from the Council should not lead the Government to neglect the consideration which they should pay to this House. I hope that some explanation will be forthcoming of their failure to have somebody here to represent the War Department.

Now, Sir, having referred to the questions of policy regarding the War Department, I would refer rapidly to two or three matters which will help in bringing about further reduction in its expenditure. I have already referred to the Resettlement Directorate. I should now like to refer to the Public Relations Directorate. This Department was created during the war. Its duties before the war were discharged by the Military Intelligence and Military Training Directorate. What is the need for continuing it now? Its duty is supposed to be to publicise the exploits of the Indian Army, but I doubt whether it has succeeded to any appreciable extent in doing so. I cannot say that it has even succeeded as well as, or as ill as, the Information Department in connection with the duties entrusted to it. No one who has seen the film called "Desert Victory" or who knows how, when our army was fighting in Burma, the accounts that were published in the papers abroad tended to create the impression that it was a wholly British army, would attach any value to the activities of the Public Relations Directorate. Again, Sir, when Observers were appointed, most of them were British; some of these people did not even know the language of the Indian soldiers. I do not want to dwell on this matter any further but I think that the time has come when this Department ought to be abolished. There

is absolutely no need for it. Early steps ought to be taken to wind it up. Our troops are not fighting now, they are not going to fight even in Indonesia. Publicity given to what our troops were doing there brought us no credit. But happily our troops will not be called upon to fight there. What is it, then, that this Public Relations Directorate is going to publicize about the exploits of Indian soldiers ?

I will now briefly refer to another service that has been recently created by the Government—the Lands, Hiring and Disposals Service. This is a newly created service. So far as I know, it is going to be staffed, or it has been staffed, entirely by British officers, a large majority of whom have been imported from England on high salaries. I do not know what the number of these officers is ; I should like to know what it is. These officers are unacquainted with the land tenures in India or with the Indian system of valuation. Why should British officers who were unacquainted with conditions in India have been imported ? Were there no competent Indians available ? Could not the Military Estates Officers, who are trained for this kind of work, and all of whom with the exception of three are Britishers, undertake this duty ? Some of them, I know, have been transferred to important appointments in the new service on higher salaries. No Indian has been promoted to this service or been given any promotion in the Military Estates Section. The service is a monopoly of British officers, as practically the other service—the Lands Branch of the Cantonments Department—is and there is no reason why expenditure on this costly service should be incurred. If it is necessary to expand the Lands Branch of the Cantonments Department, expand it, but appoint Indians who are competent to discharge the duties which the new officers will be called upon to perform. This is another instance which shows that there is waste going on in the Army and that little consideration is being paid even now to the claims of Indians.

Lastly, I want to refer to the Welfare Service. Wherever I have gone, Sir, I have found serious dissatisfaction with this service in the Indian Army ; and this dissatisfaction exists not merely in this country but also abroad. I have been to the Middle East and Malaya, and I therefore know what the feelings of the troops there are. I was recently in Malaya, and although we are told in the Explanatory Memorandum of the War Secretary that the scale on which amenities will be allowed to Indian troops has been raised, there was in Malaya great deficiency of such things as literature, wireless sets, gramophone records, and so on. New films were almost impossible to get. Again it is obvious that the welfare of the Indian soldiers can be looked after better by Indian than by British officers. But the number of Indian welfare officers in Malaya is much less than that of British officers although the Indian soldiers form the bulk of the army in Malaya. Further the officers at the top are all Britishers. Unless this state of things is remedied, unless Indians are placed in directive positions, the problem of providing adequate amenities for Indian soldiers will never be properly considered.

Sir, this welfare Department is responsible for what is known as the Fauji Dilkush Sabha. It is supposed to be an organisation for providing entertainment for the Indian soldiers. According to the Explanatory Memorandum for the Defence Services about Rs. 72 lakhs are going to be spent on it in 1946-47. But, Sir, this Fauji Dilkush Sabha does no credit to the War Department. The business of the War Department ought to be to raise the cultural level of the troops. But if it cannot do that, if this task is beyond its power, let it at any rate refrain from doing anything which will lower the tastes of the soldiers and drag them down morally. As it is, the Fauji Dilkush Sabha is a disgrace to the War Department and if it cannot soon be improved it ought to be wiped out.

Sir, I do not wish to take the time of the House any more, though I should have liked to make a reference to the expenditure on development. It is a very important question. If our expenditure is to drop considerably—and there will soon be a reduction of the order of 300 crores in military expenditure—it is obvious that, if the present levels of employment and production are not to go down increased expenditure must be incurred on economic development and particularly on industrial development. I have no time, Sir, to go into it despite the indulgence that you have shown me. I would only therefore ask the Principal Secretary for Finance to tell us what the plans of the Government in this connection are. I am also aware of what the Finance Member has said. I am also aware of the Government statement on their

[Pandit Hirday Nath Kunzru]

industrial policy. But I want to know what the programme of expenditure on development during the next five years will be, what will be the respective parts played by the Central Government and the Provincial Governments and how far the help of the private industrialists will be available in so far as Government can judge. I hope, Sir, that this matter will receive the consideration of the Finance Department. Sir Jeremy Raisman considered this matter from the financial point of view some time ago. He reviewed the finances in order to see what money would be available for development during the next few years. We should like to know whether Government have made any further review of the financial position because the estimate made by Sir Jeremy Raisman seem now to be out of date. What is the present position with regard to the provision of money for expenditure on development? What is the programme that the Government have framed for execution during the next five years and what are the opportunities that we shall have of obtaining the necessary materials from the U. S. A. or U. K. in order to carry out any policy that Government might adopt?

One word, Sir, with regard to our attitude towards the Finance Bill before I sit down. We have so far, with the exception of the year 1942, voted consistently against the Finance Bill on political grounds. We have done so as a protest against the failure of the Government of India to settle the constitutional question. We changed our policy in 1942 to the extent of remaining neutral. We showed in this way our goodwill to Sir Stafford Cripps who came here then on behalf of His Majesty's Government to consider the constitutional question in consultation with the Indian representatives. We have now in this country the Cabinet Delegation whom every one will wish Godspeed in their work. We all hope that their efforts will be crowned with success. But we do not as yet know what the result of their labours will be and what will be the final proposals that will emerge from them. We cannot therefore go so far as to support the Finance Bill. But, in order to show our great appreciation of the step taken by His Majesty's Government in sending out the Cabinet Delegation to this country and of the pronouncements that has recently been made on the question of India's freedom by the Prime Minister, we shall refrain from voting against the Finance Bill. We are all well aware, Sir, of the serious international situation. Self-government at such a time is not a privilege. It will be a heavy responsibility. But if power is placed in our hands now, there is still a fair chance of our being able to play an important part not only in placing Indo-British relations on a satisfactory basis but also in the solution of international questions.

THE HON. MR. J. M. B. GIBBONS (Bombay Chamber of Commerce): Mr. President, I rise to offer my full support to the Finance Bill and while I welcome the pronouncement just made by my Hon. friend Pandit Kunzru that on this occasion he will remain neutral—

THE HON. THE PRESIDENT: His Party will remain neutral and not he alone.

THE HON. MR. J. M. B. GIBBONS—that he and his Party will remain neutral, I would still commend this Bill for the support of himself and his Party and of other Hon. Members who have announced their intention of withholding support. I can quite appreciate the point of view which in the past has prompted the elected representatives in both the Houses to withhold their support from these Finance Bills. After all, it has always been one of the foundations of British democracy right throughout the years that there should be no taxation without representation. That principle has been fought for and has been brought up time and again throughout the history of British democracy. I think in the last occasion when it appeared was when the House of Lords were deprived of the ability to interfere with a money Bill some 35 or 36 years ago. Therefore, I can fully appreciate the motives which hitherto have led the elected representatives in these Legislatures from supporting those Bills. I do submit, however, that this occasion is considerably different. As my Hon. friend Pandit Kunzru has said, there is this Cabinet Delegation out here with the intention of transferring power as soon as possible to a popular representative Indian Government. And that being the case, it seems to me that this House should take into consideration the fact that by accepting the Finance Bill now you are not providing this existing Government with supplies to

carry on, but you are providing ways and means for the successors of this Government to carry on the administration as soon as they step into power. This occasion, I suppose, is probably unique in history. There has never been, so far as I know, a voluntary transfer of power on this scale. Great constitutional changes of this kind have usually been preceded and accompanied by bloodshed, revolution and force of arms of all kinds. But here you now have a Government quietly sitting down and devising ways and means for its successors to take over from it and carry on the administration of the country, and I do feel that this situation might well be recognised by all members of this House by accepting this Bill.

As regards the details of the Bill, I have a little to say and I will not detain the House long. I would like to mention the excess profits tax the abolition of which has been the target for a certain amount of criticism. I would emphasise that the abolition of the excess profits tax does not mean that the whole of that money reverts to the hands of the industrialists, because it still is liable to the income-tax and super-tax provided for in this year's Budget. I too myself think that it is a wise measure on the part of the Government to have taken this early opportunity for its abolition. The experience of His Majesty's Government after the last war provided a very apt lesson for any Government to secure their profit and hold on to it. I think in the other place the Hon. the Finance Member mentioned that the amount of refunds which His Majesty's Government had to provide was in the neighbourhood of £100 million —

THE HON. SIR CYRIL JONES : £1,000 million.

THE HON. MR. J. M. B. GIBBONS : The figure given by the Hon. the Finance Member was 100 and I thought he had dropped a nought. They had to provide £1,000 million at the end of the last war in refunds of excess profits tax. I think one must consider that the Finance Member has acted exceedingly wisely in holding on to the profit on this occasion —

THE HON. SIR SHANTIDAS ASKURAN : In their own interest.

THE HON. MR. J. M. B. GIBBONS : In their own interest.

As far as other matters are concerned, one point I would like to make in connection with the Taxation Inquiry Committee is that I feel that it is high time that a full review was taken of the present Income-tax Act with a view to its simplification. It is not pleasant to have a tax taken from one at the best of times. But when it is a matter of considerable difficulty to find out exactly how much tax is due, it adds a great deal to the pain of losing that money. There is one point in particular in connection with that, and that is, at the present time Appeal Tribunals which sit on cases publish no results of their appeals, and while the appellant might very well find out beforehand before going to the trouble and expense of appealing whether there has been any decision on this particular point before, he is unable to do so, because of the failure of these Tribunals to publish the results of appeals before them. I hope, however, that when the Taxation Inquiry Committee starts on its re-codification of the Income-tax law that the results of these Tribunals will be adequately codified and recorded too. Otherwise in general I would support very strongly the speech of my Hon. friend Sir Shantidas Askuran. He and I are both businessmen; we think alike on these matters; and what we feel is needed now is ability for commerce and industry to get on with the task of providing more consumer goods for the people of this country. If commerce and industry are going to be able to get on with that task, it is urgently necessary that there should be as great a relaxation of control as quickly as possible. I would also urge that a great speeding up in the tempo of administration is required, and particularly in the reduction of unproductive expenditure and its deflection to productive expenditure. The most signal instance of unproductive expenditure at the present time is of course the Military Budget; and while in some directions one cannot in all good sense urge any reduction in that in so far as the defence of this country is concerned, there is a considerable field in other directions for a reduction in this Budget. I refer to the dismantling of the tremendous war machine that has been built up and that is due for dismantling. In many ways this could be speeded up—derquisitioning of requisitioned buildings. I myself live in Bombay. There a house was requisitioned by the military some time ago. It was used as headquarters but for a

[Mr. J. M. B. Gibbons]

certain force employed on comparatively secret missions. That force has been disbanded for more than six months, and yet that house is still in occupation by the military, as far as I can see, by half a dozen men. The place would be exceedingly welcome for civilian occupation. Again about a month ago I was trying to put through a trunk rail to Karachi. I failed to do so. Shortly afterwards I was listening to an R.A. F. officer of no particularly exalted rank telling one of his friends that he had been telephoning to Karachi and he had spent three quarters of an hour talking. That is the kind of economy that I feel could very quickly be put into force by the Army. During the war too numbers of temporary appointments have been made in the Army. They have no relation to the ordinary peace-time organisation—but are a purely war measure involving additional officers, higher ranks and all that kind of thing. The sooner the temporary ranks are abolished and the army reverts to its normal peace-time organisation the sooner will expenditure fall. I can instance a number of cases of fairly senior officers who have come to the end of their employment who are anxious to retire and to leave the country. They have not been able to secure their release for reasons which they themselves are unable to fathom.

It is in those directions that I feel that there should be a speeding up of reduction in the military budget. At the same time, I advocate not the reduction of one single rupee in essential expenditure for the defence of this country.

I will not detain the House longer. I feel that in this year's budget and in the provisions of the Finance Bill, the Hon. the Finance Member has dealt as fairly and as equitably with all sections of the community as he can, and I feel too that he has made provision for the future development of the country and as that development is to be in the hands of a popular and representative Government—whether an interim Government or a permanent Government—I do feel that this year's Bill merits the full support of this House. (*Applause.*)

THE HON. MR. V. V. KALIKAR (Central Provinces: General): I am not prepared to say that the budget estimates will make a rich man richer and the poor man poorer. I am personally of the opinion that the budget estimates contain many sound proposals in the interest of the rich man as well as of the poor man and especially, Sir, the modifications that have been made in the other House in the duties on kerosine, matches, post card and betelnut. I think that the budget has given much relief to the poor in these four things. I want to remove the impression about the betelnut being called a luxury of the poor. I am an agriculturist and I spend about 8 months in a year with my tenants in my village. I should like to bring to the notice of this House, that betelnut has now become within the last 20 years a necessity of life to the rural population and I would therefore have appreciated the efforts of the Government if they had abolished the tax on betelnut altogether.

Sir, there are proposals for establishing a National Investment Board and an Industrial Finance Corporation in the budget. I am not going to say anything on the merits of those proposals, but I want to suggest to the Government that those organisations should be set up after the new Government comes into power. The present Government, irresponsible as it is admittedly, should not take upon themselves the responsibility of setting up these organisations but should leave this matter to the new Government.

Sir, I should like just to say a word—as I am afraid I may be misunderstood or my friends may say that I have not correctly appreciated the position—so far as the duty on gold is concerned. As a layman I am putting forward my views in this matter before the House. The duty of Rs. 25 fixed on a tola of gold will not in any way help the agriculturist or the rural population. I may agree with the Finance Department of the Government of India that their object in fixing this duty may be very laudable, that is to bring the prices in India on a par with international prices, but the immediate result of it would be that you would be depriving the poor and especially the rural population of the only means of investment open to them. I know that one of your objects may be or is that you want the agriculturist population to invest their money in banks, in cash certificates and shares and all those things, but your past record so far as the educating of the agriculturists and the poor masses in India is concerned is not bright. If I may say, so, yet past

record is dark. If you have not been able after nearly over 150 years of rule in India to increase literacy of even the urban population which, I think it is between 12 and 13 per cent, you have not been at all successful in increasing the literacy of the rural population to the extent of 2 per cent, even, and this method of yours will deprive that particular population of investing its money which that population needs for the rainy day. You cannot change by a magic wand the habits and customs of the rural population. They have to be educated and it is after they have received education that they will be able to realise the importance of your measure. I, therefore, submit, Sir, that as a lay man knowing the needs of the rural population I cannot support this measure of the Government.

Sir, much has been said about the abolition of the E. P. T. I admit that I am a layman in this matter but I found a wrangling going on between business men themselves that the action taken by the Government was not wise and that in their view the tax ought not to have been abolished but reduced.

THE HON. THE PRESIDENT : Is a business man not a black market business man ?

THE HON. MR. V. V. KALIKAR : There are all sorts of business men, Sir. Some of them are black marketers and some of them are honest business men.

THE HON. PANDIT HIRDAY NATH KUNZRU : Do you know of any business man who does not go to the black market ?

THE HON. MR. V. V. KALIKAR : Well, my own personal view is that if an industry is over-taxed that industry will not get incentive to produce more goods. I hold the view that even at a sacrifice the Indians should consume Swadeshi goods and I think that if the industry gets some relief the industry will get more incentive to produce more goods and if the money goes it will go to the coffers of the Indians and not to the coffers of the foreigners. From that point of view, I submit that the action taken by the Government in abolishing this tax will give some incentive to industry to prosper in the future. Well, Sir, my Hon. friend Pandit Kunzru has said much about the defence expenditure and I endorse every word of it about the expenditure incurred by the Indian tax-payer over the Public Relations Directorate and the *Fouji Akhbar* and the Fouji Dilkhush Sabha and other activities. I do not think that the morale of our soldiers will in any way be impaired if this Dilkhush Sabha is abolished. I find that 245 crores of rupees are going to be spent over defence in 1946-47. In the year 1942, I think we spent about Rs. 215 crores. The Indian tax-payer has every right to ask the Government, whether it is a responsible Government or an irresponsible Government, to cut down expenditure which is unnecessary. I am not one of those who think that there ought to be no defence services in India. I personally think that we must have a first class army, a first class navy, and a first class air force. If for equipping those services we have not got resources, I shall go to the extent of suggesting to the Government that our sterling assets in England should be used for this purpose. But I will certainly object to a pie being spent which is not necessary, for the maintenance of our services. Therefore, I suggest to the Government that the proposals made by my Hon. friend Pandit Kunzru about cutting down the expenditure on those two departments of the Military Branch should be taken seriously into consideration and the expenditure should be reduced to that extent.

Sir, I now wish to say a word about the cloth famine existing in this country. Day before yesterday I read in the papers that Mr. Thackersey, Chairman of the Textile Control Board, said that the mills in India produced 4,687 million yards of cloth and 1,625 million pounds of yarn in 1945, as compared with 4,811 million yards of cloth and 1,623 million pounds of yarn in 1944. I myself do not know the reason why the production has gone down. The position in the country is that not only are we not getting the type of cloth we want, but even the coarse cloth that is used by

[Mr. V. V. Kalikar]

the poor masses is not available in sufficient quantities. I think both the Government and the mills should take steps to increase the production and relieve the poor people from this trouble.

THE HON. THE PRESIDENT : Increase production—in what way ?

THE HON. MR. V. V. KALIKAR : They should try to install new machinery as early as possible if the old machinery does not work properly and produce the quantity required.

THE HON. THE PRESIDENT : Have we not heard of cloth being exported in large quantities ?

THE HON. MR. V. V. KALIKAR. I am coming to that. The steps that I want the Government to take about the export of cloth is a different matter. I want to impress upon the millowners that they should put their house in order.

THE HON. THE PRESIDENT : The Bombay millowners especially.

THE HON. MR. V. V. KALIKAR : Yes. They should put their house in order and increase production. At the same time, I would suggest to the Government that, if the people of India do not get the bare necessities in the matter of cloth, they should impose an embargo on the export of cloth. I understand that about 600 million yards a year were absorbed by the military, but now their demand has gone down to 400 million yards ; and I understand that about the same quantity of cloth is being exported. I do not know why cloth is being exported in such large quantities when there is cloth famine in India itself and Government knows about it. So long as they do not hand over power to the new Government, it is their duty to maintain peace, tranquillity and order in the country. Just now we are being threatened with famine so far as food is concerned. I hope the mill industry as well as the Government will try their utmost to avert at least the cloth famine.

Now I want to address myself to the present political situation and I will finish within two minutes' time. The attitude of this party has already been explained by the leader of my party. We want that the eminent persons who are here should take quick decisions in the matter of handing over power to India now. I would suggest to Britain that she should not wait for a third world war before doing this. We have waited and waited for a very long time, and I think it is now time for Britain to take a quick decision and to hand over power immediately to Indians. After all, if you do not hand over power to India, India will be a burden to you. If you want really to maintain friendly relations with India, if you want that India should be one of the independent nations enjoying equal power with you, and if you think you are really serious in your pronouncements, then certainly I submit that the time has come when you must take quick decisions, in a very short time. The whole atmosphere in the country is electrified with a keen desire to get independence. I submit, Sir, that if they miss this opportunity, they will have to face the music and it will be very, very difficult for them to control the outburst of violence and other things. I warn them that no impediment whatever of any kind, created by this Party or that Party, should come in their way of taking a quick decision to hand over power to Indians.

***THE HON. SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madias : Muhammadan) :** Sir, I join my friends who have expressed appreciation of some of the pleasing features in the Finance Bill as has been presented. As has been observed by some of my Hon. friends, the circumstances in which the Bill now comes before the House are quite different from those under which we have been used to get it in this House during recent years. Sir, it is really pleasing to note that the Bill has not come now in a certified form, that it will still be able for this House to effect modifications, to try and persuade the members of the Treasury Bench to accept any suggestions as may appear to us to be very necessary and about the reasonableness of which we may be able to convince them. That is one of the very pleasing features of

the Bill which has been absent all these recent years. I am particularly thankful to the Government for their acceptance of some of the reductions that were recommended in another place. I am glad, Sir, that the Government have been able to see their way to grant relief to the general public in the matter of duty on matches, kerosene, betelnuts, and postcards. In this connection I would endorse the opinion of some of my Hon. friends who have preceded me about the desirability of doing away altogether with the duty on betelnuts. As has been expressed by my Hon. friend Mr. Kalikar, betelnut is no longer a luxury in our country. I am of opinion, Sir, that it has never been a luxury in our country. It has always been considered to be as much a necessity of life as any foodstuff. As you know, Sir, the only thing that the poor man enjoys is to satisfy his craving for chewing betelnut. I feel, Sir, that it is really hitting the poor in our country very hard if we put any difficulty in the way of his having this available to him. The only thing that a poor family offers to his guests or visitors is betelnut. I feel, therefore, that the Government should at least try and see that this duty is abolished, when they present the Budget next year. I hope it will be possible for this modification to be effected by the popular representatives. I hope it will be possible to have popular Ministers in the House so that this demand of the people may be easily accepted. Sir, I am glad also for the encouragement which the Finance Bill has shown to the industries of the country in respect of raw materials. These are some of the very good features of the Bill. But, Sir, I feel, in spite of all that has been said by my Hon. friend in support of the abolition of the E. P. T. that the Government were not really justified in abolishing it. It is true that the war is now over. But the conditions which obtained during the war are still continuing. There has been no alleviation in the conditions that prevailed in the country. Those people who have been making huge profits are still continuing to make some of those profits though in a reduced form. Government would therefore have been justified if in spite of altogether abolishing this tax, they had reduced it somewhat. I therefore still think that Government were not justified in abolishing this tax altogether.

The things that the people of the country are labouring under are the shortage of food and cloth. So far as shortage of cloth is concerned, much has been said about it by my Hon. friend Mr. Kalikar who has just preceded me. He is perfectly right in saying that every thing possible should be done to see that the cloth needed for the requirements of the people is made available and it is really very disappointing to find that in spite of all efforts that have been made recently to improve the industry in the country, the production of cloth has gone down. One of the main reasons for this may be that the machinery now in use has become very old and is not turning out as much quantity as it ought to. Therefore it is necessary that everything possible should be done to see that new machinery is brought into the land as quickly as possible so that the output of cloth in the country improves considerably and with the least possible delay. In this connection it is really disappointing to find that there is still a very large black market obtaining in the country as there is also a very wide black market in connection with foodstuffs. We find, Sir, that in respect of food also, there is this difficulty. The stuff that we get on our ration cards does not stand even a moment's comparison with what one gets by resort to the black market. That is a thing within the knowledge of everyone in this House and I need not dilate upon it at length. I cannot pass over this without making one observation about the shortage of food in our country. Recently, Sir, there have been debates in connection with the food situation and also on the Resolution which my Hon. friend Mr. Kalikar moved in regard to the need for subsidising agriculture. I would stress only one point in this connection. It is very necessary that we should do everything possible to try and grow more food, and see that it is easily grown and it is cultivated and harvested in a short time. But one thing that is very necessary is to try and alleviate the sufferings and hardships of the people here and see that as much food is imported into this country as possible. Growing more food here will take some time; but the danger which is facing us, the situation which is confronting the country, is such that it does not brook any delay. It is therefore necessary that every possible effort should be made to have as much food from abroad as possible. We have a sad experience in the past that even the quantity promised

[Saiyed Mohamed Padshah]

could not be sent over here for want of shipping space. We thought that more should have been promised, but even the quantity promised could not be shipped. I understand even now that the shipping difficulty continues, that much of the rice which is intended for India is lying idle in Siam. It has not been found possible to have that shipped to India. Therefore my submission to the Government is that they should try and see that the shipping position is made easier. The other day when the Hon. the Food Member was speaking on this subject, I wanted to know from him if the shipping position was easier to-day so that there was a prospect of our bringing into this country all that might be promised to us by the Combined Food Board. However his reply was quite non-committal. He said he was aware of the situation and that they were trying to do their best. The question is whether that best is enough to ensure to us the bringing into this country of all that has been promised to us already and of all that we are going to get from abroad.

Another point in connection with the shipping position is that if the shipping position is made easier, it will be possible for you to send out of this country all the prisoners of war and military personnel who want to go out of this country and thereby release a good quantity of food which would otherwise be required for them here so long as they remain in this country. I would, with all the emphasis that I can command, ask the Government to see that the shipping position is improved and see that all the food that is promised to us by the Combined Food Board is brought to this country as quickly as possible and that no portion of it, however small, is left on account of difficulty in transport.

Just one word, Sir, about the political situation. I join with my friends who have extended their welcome to the Cabinet Mission here. No one in this country will be more pleased and happy than the Muslims and the Muslim League if the mission for which our esteemed visitors have come from Britain will prove ultimately successful. They have our sincerest good wishes for success in their efforts. We should not for one moment be led to think that it will be possible for anybody who comes from outside to really do something which will go to resolve the deadlock which prevails in the country at present. My own feeling is that more depends upon the attitude of the leaders of this country. One thing that will have to be kept in view is not that there should be a quick and instant solution of the problem. But what has got to be borne in mind and which I feel is the most important part of the task is to see that the solution which is found is one which is acceptable to all the major elements in the national life of this country. It is not that anything should be done in a hurry. There is nothing wrong if time is spent in understanding the pros and cons of the situation, in trying to see that the solution, if one is found for this, is one which will really bring peace and tranquillity in the land, which will really bring satisfaction to all the major elements in the country.

The other day, Sir, when an appeal was made to the Congress to co-operate in the matter of fighting the famine which is now threatening our land, even there the Congress refused to see its way to offer its co-operation and insisted that before their co-operation is given they must be assured of the fact that the Central Government would be reconstituted and popular representatives would be placed in the present executive. It is all very well that we should try and expedite this kind of change at the Centre. We are behind no other party in this country in being ready to do whatever we can to bring about this welcome change, this much cherished change and the fulfilment of our desire, but, Sir, in doing so we should not lose sight of many vital and important things that we may have to do. There is no connection, Sir, whatever between the need to bring about the much-needed relief to the starving, suffering humanity and our anxiety, our desire, to touch up everything and to strike a bargain out of the difficulties even of our suffering brethren in the land. I say, Sir, that it is really disappointing that a prominent organisation, like the Congress, should have shown this kind of indifference to the sufferings of the starving millions in this land. It is my earnest appeal, my humble appeal, to that organisation that they should try and see things in their true perspective, that they should not go on emphasizing about the imperative necessity to have a nominal unity in this country. They should not always harp upon an undivided India. After all, what is an undivided India. India

divided or undivided nominally is a thing which hardly matters. What really matters is whether there is really a union of hearts ; whether there is a real harmony between all the major elements in the country. Unless this is achieved I feel, Sir, that it is simply idle to harp upon a unity of our country. If by divided India we can really bring about harmony and wholehearted and cordial co-operation between the Mussalmans and the Hindus they will be united in the real sense of the word, and that will be, Sir, the ideal for which you will certainly do yourself justice to try and bring about achievement. Therefore, Sir, I submit that when there is no doubt as to what the Mussalmans consider really essential for their very existence—

THE HON. THE PRESIDENT : Please bring your remarks to a close.

THE HON. SAYYED MOHAMED PADSHAH SAHIB BAHADUR—when all doubts about this have been removed by the way in which the Muslim electorate has voted, it is certainly not wise for any man or organisation in this country to try to stand in the way of the Muslims fulfilling their ambition. I, therefore, make an earnest appeal to my Hindu brethren not to stand in the way of this achievement on the part of the Mussalmans in this respect any longer and to try to bring about a solution of the present stalemate in the country by trying to do the right thing at the right moment.

THE HON. SIR MAHOMED USMAN (Leader of the House): Mr. President, now I will refer to what is uppermost in everybody's mind and to which reference has been made in the House during the debate. The Cabinet Mission is here which includes the Secretary of State for India himself, which in itself is a proof of the sincerity of His Majesty's Government's intentions towards India. As explained by the Secretary of State, "the issue of freedom and self determination is settled in principle. We have now to work out the means by which Indians can themselves decide the form of the new institutions with the minimum of disturbance and the maximum of speed."

The recent elections have shown beyond any shadow of doubt that the Congress and the Muslim League as representing the two great communities are the only two political parties that count. The future of the country lies in the hands of the two great leaders of the people—Mr. Gandhi and Mr. Jinnah. For the future prosperity and the peace of the country it is essential that any solution of the problems has the blessing of both these great men. His Majesty's Government is committed to grant freedom to the country. It is equally committed to protect the Muslims and the minorities. In August 1940 Lord Linlithgow, the then Viceroy, on behalf of His Majesty's Government solemnly assured the Muslims and the minorities that His Majesty's Government could not be a party to their coercion by any Government whose authority was directly denied by important elements in India's national life. This pledge has also to be redeemed.

The structure of the new constitution, whatever it may be, has to be built on the willing partnership at least of the two great communities—Hindus and Muslims and that partnership can be in a single union if possible, or in two separate unions, if necessary. Even after separation these two great communities will have to work in harmony if chaos is to be avoided. Communal harmony, therefore, is a vital necessity for a united or a divided India.

One of the Congress members in this House ridiculed the present Executive Council. We accepted office at a very critical period in the history of the world. We helped as Allies of the United Nations to defeat the mighty powers of Germany and Japan at a time when Congress was sabotaging the war effort. It will be our proud privilege to pass to our successors a solvent and peaceful India. We are still living in critical times. Cabinet Mission is here to help us but we have also to help the Cabinet Mission by trying to come to a common agreement between ourselves. The idea of bypassing the Muslim League, which one hears of so often, should be given up if the Mission is to succeed in its task. The sooner it is realised the better it will be for the country.

In conclusion I should like to point out that the presence of the Cabinet Mission here is a positive proof of the willingness of Great Britain to part with power. When the present passions die and the people start reflecting calmly they will realise the great services rendered by Great Britain to India.

THE HON. MR. M. THIRUMALA ROW : On a point of information. Is it the policy of the Government of India which the Leader of the House has enunciated in his statement ?

THE HON. THE PRESIDENT : He has his say. He is entitled to say anything he likes. Will you please sit down ? There is no question of your raising a point of order.

THE HON. MR. M. THIRUMALA ROW : I have not raised a point of order. It is only on a point of information that I want your assistance to understand the statement of the Leader of the House.

THE HON. THE PRESIDENT : You have already had your say. You are not now entitled to make a second speech. The Leader of the House like any other member is entitled to say anything that he likes.

THE HON. MR. M. THIRUMALA ROW : I want to know whether his statement represents the policy of the Government.

THE HON. PANDIT HIRDAY NATH KUNZRU : If I may intervene, Sir, the Leader of the House may or may not reply to the question that my friend is asking but I submit to you that he is perfectly in order in putting his question. We should like to know whether the Hon. Member who spoke last would answer that question or not.

THE HON. MR. G. S. MOTILAL : Sir, may I request you to inquire of the Leader of the House whether he is prepared to answer the question put to him by my Hon. friend Mr. Thirumala Row and give the information asked for ?

THE HON. SIR MAHOMED USMAN : What is the question, please ?

THE HON. MR. HOSSAIN IMAM : The question is : Is it the expression of opinion of the Government of India, or the Hon. the Leader's personal opinion ?

THE HON. SIR MAHOMED USMAN : As a member of this House I have every right to express my opinion and to say what I feel on this matter, and that is what I have done.

THE HON. PANDIT HIRDAY NATH KUNZRU : I take it, then, that what he said was his own personal opinion ?

THE HON. SIR MAHOMED USMAN : The Hon. Member may draw his own inference.

THE HON. PANDIT HIRDAY NATH KUNZRU : Surely the Hon. Member can clarify this small point ?

THE HON. SIR MAHOMED USMAN : What is the small point ? I do not understand what that "small point" is.

THE HON. PANDIT HIRDAY NATH KUNZRU : Has the Hon. Member spoken on behalf of himself, or as a member of the Government ? He has every right to express his own views ; I take no objection to that. But if he has done it, he can say so quite clearly.

THE HON. SIR MAHOMED USMAN : As I have already said, I have spoken as a member of the Council of State.

THE HON. MR. SURPUT SINGH (West Bengal : Non-Muhammadian) : Sir, I must thank the Hon. the Finance Member for his small mercies in respect of duties on post-cards, kerosene, matches, betelnuts and films thus foregoing about 5 crores or so. It would undoubtedly have been a right good gesture if he could have altogether scrapped, or appreciably reduced the salt duty.

I cannot acclaim his budget as being satisfactory inasmuch as it has been framed on a somewhat war basis, although done in and for peace conditions. The masses have some little reliefs, but the middle class has got none. A Rs. 2,000 minimum, with no allowances for self, family and dependants, as in England, in the existing high prices of necessities is something cruel and heartless. In his other budgetary proposals the old outworn bureaucratic outlook is more evident than the up-to-date just and equitable method of a true Britisher as the Hon. the Finance Member is. Any method of taxation which fails to make allowance for the middle class gentry for the education of children and health of the family in such a country as ours is deeply to be deplored.

Then, Sir, the agricultural policy, the planning and development policy, the commercial policy and the food policy, for all of which heavy amounts, crores over crores, are appropriated, are all more or less advertisements. Their programmes are all long-termed—their culmination being still in the offing. But what we need most is amelioration forthwith of the present distressing situation all round. The Imperial Council of Agricultural Research, on which heavy amounts of public money are being spent for the last 25 years, has practically given no adequate return in the matter of improving the conditions of agriculture in the country. Equally the planning and development departments, which are appropriating large amounts, have been giving no faithful account. The commercial policy has come to be viewed with suspicion because of its manifest political implications. Of the food policy, no words can sufficiently describe the dark and dismal conditions to which it is drifting.

Sir, while the Government in Britain are going ahead with measures to assure freedom from want and to insure health to every man, woman and child by social security plans, our Government, despite heavy and numerous direct and indirect taxations, have only been talking yet in terms of commissions, conferences and committees and importing experts and specialists from all corners of the globe. I humbly ask the Hon. the Finance Member as to what steps he has taken in his budgetary proposals for the man, woman and child for their health, sickness, unemployment and old age.

Sir, I will not enter elaborately into the history of currency jugglery to which our Government became a willing party of the Home Government and made us lose 400 crores which accrued to us by way of trade balance during the First World War. Then, when the worldwide depression came, India had to sell gold during a decade from 1930 to 1940 to the extent of 11,65,69,144 tolas valued at Rs. 3,82,52 38,069, the average price at which Indian gold was sold being Rs. 32-12-0 per tola. During the last three years India bought about 2 crore tolas of gold, about one-fifth of what we had sold in distress. But we had to pay Rs. 75 per tola when the official rate mentioned was Rs. 42 to Rs. 43 per tola. Thus we lost both ways. We sold our gold in days of difficulty at a low price, while in our prosperous days we have to buy at an unnaturally high price, and, to add to this, there is the import duty of Rs. 25 per tola in this budget.

Then, Sir, to quote another instance of such currency manipulation, the Government of India lent to Britain by currency manipulation Rs. 1,677 crores at a nominal interest of less than one per cent. This 1,677 crores is made up of Rs. 1,135 crores sterling securities in the Issue Department and Rs. 542 crores held as balances abroad. Another example of the Government of India's financial manoeuvring. They borrow money from the public in India at 3 per cent. and lend it at less than 1 per cent. Is it not a good bargain and good business losing so much annually? No surprise, therefor, that the people have lost all confidence in the Government's financial policy.

Then, Sir, about the utter disregard of the Government of India in the matter of the increase of the country's currency. In September 1939 the currency notes in circulation were to the value of Rs. 1,82,13,17,000. In the beginning of January 1946 the total of currency notes in circulation rose to Rs. 12,18,34,58,000. Thus there has been an increase of about 600 per cent. in note circulation in the country during the six fateful years of the war.

Then, Sir, the Government of India, in collusion with the British Government has been the parent of a gross inflation in this country. This inflation has been the result of an unscrupulous use of an obviously innocent provision of the Reserve Bank Act. But now, although the war is over, this provision is being exploited as an instrument for further inflation by producing cartloads of currency notes; for which a well-known Indian economist has called the Reserve Bank of India "the Imperial Pawnshop".

Sir, while the British Government being a national Government accorded altogether a different treatment to its own people in spite of there being a war which was fought to the last ditch, the British Government obtained all the money needed for the War through taxation and borrowing and not by an inordinate expansion of the currency. The latest coup of the Government of India was demonstrated in their demonetisation scheme which has only aggravated the situation by shaking the

[Mr. Surput Singh]

people's confidence in the currency and financial promises of the Government dislocating business, increasing the cost of living and hitting all and sundry. The results of all the currency manipulation and jugglery are moving like a Greek tragedy to a pre-appointed catastrophe.

Sir, the dearness allowance and the concession rates which officers of the Government have been enjoying have been costing us over 20 crores by way of subsidy. Now that war conditions are over and peace conditions have set in, it ill suits the Government to go on with those concessions to all officers who get a salary of Rs. 1,000 or more. I would suggest therefore, that the money which is proposed to be spent, on that head may be diverted towards the betterment of the pay and allowances of the menial staff in every Department, because signs are evident that unless the Government makes due provision that way, strikes and similar tumults will be rife before long, as the whole country is seething with discontent and dissatisfaction in no small degree. Sir, from all parts of the country there has come up a cry that the reliefs which the Hon. the Finance Member has proposed in the future income-tax assessments are more or less illusory. Some authorities have quoted figures in support of this statement. I have myself taken great pains to study both the viewpoints, but I am not satisfied either way. I would, therefore, ask the Hon. the Finance Member to put before us a lucid exposition of the financial loss on the proposed income-tax concessions allowed as well as the gain which the Government will have by the new proposals on taxation of incomes.

Sir, although there are so many Departments and so many Secretaries, Assistant Secretaries and Additional Secretaries, there is a great dearth of reliable statistics all round producing such a great blot on the administration. Again, the industrial picture afforded by the Government is fragmentary and incomplete. According to the statement on Industrial policy of 22nd April 1945, there was a talk of the Central Government taking over 20 key industries from Provincial control under their own direct supervision with a view to encourage and promote rapid industrialization of the country. But when the Bombay Provincial Government wanted to foster an Automobile Industry, it was the Central Government that declined to grant facilities and actually killed the project. Next, the Indian Company, which started an Aeroplane Factory with foreign technical aid for emergent war purposes, was actually denied the patronage at the end of the war and the factory has now been converted into a jobbing shop. Then, Sir, Government have suddenly awakened to the necessity of sending abroad a large number of students for training in technical and professional subjects but my impression is from past experience that all such technical and professional training and experience will go in vain when those students return home. Such training and experience could have been best arranged for in the country itself by the starting of a large number of technical and vocational institutions with importation of acknowledged foreign experts and specialists. Then, Sir, we have no definite knowledge of what the Government of India's mineral policy is. What little we get in that way is from Dr. Cyril Fox, Director of the Geological Survey of India, who said :

"The work of Geologist of India was mainly to promote the export of raw materials rather than encourage Industrial development in this country."

Sir, I fully realise all our talks here fall on the deaf ears of an irresponsible and unresponsive Government. I will just give an instance. In reply to a question put by me yesterday whether there really happened some casualties due to people sitting on the roofs of railway carriages by reason of over-crowding on a particular bridge—

THE HON. THE PRESIDENT : Order, order. That has nothing to do with the Finance Bill.

THE HON. MR. SURPUT SINGH : I am just giving an illustration.

THE HON. THE PRESIDENT : We do not want illustrations at this stage.

THE HON. MR. SURPUT SINGH : Sir, such is the attitude of the Central Government officials to this side of the House regarding matters which concern our life and death. I therefore oppose the consideration of the Finance Bill.

THE HON. THE PRESIDENT : The Council will now adjourn till 2-30 in the afternoon. When we meet again after Lunch, Khan Bahadur Keramat Ali will address the House.

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

The Council re-assembled after Lunch at Half Past Two of the Clock, the Hon. the President in the Chair.

THE HON. KHAN BAHADUR KERAMAT ALI (Assam : Muhammadan) : Mr. President, I may tell at the outset that I do not believe in the Finance Bill being thrown out altogether. Under the present constitution, no useful purpose, will be served by throwing out the Finance Bill, because there is provision in the Government of India Act for certification. In my humble opinion it will be prudent to consider the Finance Bill on its merits. If it so happens that after due consideration if the members make certain suggestions and the Finance Member is so obdurate as not to listen to any of these suggestions, it is then alone that the question of rejecting the Finance Bill comes. But when we find that the Hon. the Finance Member is accommodating and yields to suggestions made by the members, we should surely give our due consideration to the Finance Bill and the question of rejecting it altogether does not arise. It is under such considerations that the Muslim League this time agreed to consider the Finance Bill and not to vote with the Congress which thought it fit to reject it altogether. As a result we now find that the poor people for whom cries were raised in both the Houses have got relief in taxation to the extent of about 5 crores.

Now that the Bill has come in a modified form from the Assembly giving at least some relief to the poor, I have not much to say. I would, however, place three matters before the Hon. the Finance Secretary and I hope he will kindly give due consideration to what I say.

First is that in the Budget relief has been provided to the capitalists as well as to the poor. But the middle class people have not been taken into consideration. I have gone through the taxation proposals and I find that no relief worth the name has been provided for the middle class people.

THE HON. MR. G. S MOTILAL : Income-tax has been raised.

THE HON. KHAN BAHADUR KERAMAT ALI : In fact, income-tax has been raised. But the House should remember that this war brought the greatest horrors to the middle class people. Nobody suffered more than the middle class people and therefore perhaps the case of the middle class people should have also been considered favourably by the Finance Department. I urge upon the Finance Department to see whether the proposals for increased income-tax, as far as the middle class is concerned, cannot be withdrawn.

My next point is about betelnuts. Both in the Assembly as well as in this House it was pointed out that betelnuts are a simple innocent luxury for the poor villagers. It has been suggested here today by Mr. Kalikar, who says that he is himself an agriculturist and a very large number of poor people work under him, that betelnuts have nowadays become a necessity. Therefore I would surely have liked if the duty had been abolished altogether. If, however, the Hon. the Finance Secretary thinks that the duty cannot be abolished altogether, I have one thing to place before him. I hope he will see that this tax is realised by a uniform procedure in all the Provinces in India. Betelnuts are not consumed in the same way in Assam as they are in the other provinces. Betelnuts are generally dried, the husks are taken out and the kernel is placed in the market. That is the way in which they are brought in to the market in all other provinces. But in Assam betelnuts are taken raw. After betelnuts are plucked from the trees, the husks are taken out and the betelnuts are taken in their raw condition. In realising the tax, Sir, there has been no difference made between betelnuts as consumed in Assam and betelnuts as consumed in the other provinces. According to the present conditions 100 dried nuts weigh about 1.5 lbs., whereas 100 raw betelnuts weigh about 3 lbs. Now, if the tax is to be realised on weight, Assam pays three times more than what the other provinces pay. I urge upon the Government of India to see that there is uniformity in the realisation of the tax. I ask the Hon. the Finance Secretary to make enquiries of the Government of Assam whether there is this difference between Assam and the other provinces in the realisation of tax as far as betelnuts are concerned. He will find that the Assam people are paying more tax on the same quantity than what the other provinces are paying. This anomaly should be removed and the sooner it is done the better. Then my third point is, Sir, about the subvention that has been fixed for the Province of Assam. In placing my case before the Hon. the Finance

[Khan Bahadur Keramat Ali]

Secretary perhaps I will do better by referring him to the statement that was made by the Hon. the Finance Member of the Province of Assam while placing his Budget before the Assembly on the 12th of March last. Sir, he said :—

“Sir, while presenting this Budget estimate I have to mention at the outset the financial difficulties which confronted the Finance Minister after the introduction of Provincial Autonomy in 1937. I mean Sir Muhammad Saadulla who was the Finance Minister at that time having had parliamentary experience of more than a decade had to complain of the difficulties he found in balancing the budget. He mentioned the financial injustice meted out by Sir Otto Niemeyer to a poor province like Assam without any elastic sources of revenue. Conscious as he was of the growing needs of the Province as a representative of the people he could not let the occasion of presenting the Budget pass without recording an emphatic protest against the meagre doles of subvention from the Central Government. It is amazing that Assam which produces tea, coal, kerosene and petroleum oil etc., and contributes to the Central Government in excise duties more than 5 crores of rupees, which is much more than the total receipt of this Province, gets a subvention of a trifling sum of Rs. 30 lakhs only annually”.
He also said :—

“With Rs. 77 lakhs charged on the provincial revenues, a sum of Rs. 27 lakhs for the Excluded Area, over which we have no control (and some more as supplementary demands charged on the revenues, which will be presented in the course of this session of the Assembly) not being subject to the vote of the Legislature under section 79 of the Government of India Act, with our claims for a share of excise duty on petrol and kerosene going unheeded and with a mere dole of Rs. 30 lakhs under Sir Otto Niemeyer's Award, we are to balance the budget with the limited sources at our disposal”.

Sir, this subject I have dealt with also in my Budget speech. I only request the Hon. the Finance Secretary to place the case of Assam before the authority concerned the stepmotherly way in which Assam was treated all these long years.

Sir, Assam's position in the frontier entails a lot of extra expenditure. Out of 12 districts and three frontier tracts four are hill districts from which hardly any revenue comes as no land revenue is paid by the hill people. Of the other 8 plain districts two have been enjoying permanent settlement like Bengal. The revenue income from these two districts is so small that even the cost of the district administration cannot be met out of it. Assam is a vast country comprising about 72,000 sq. miles and the funds available for its administration from the Province itself are too poor to maintain the Province and the result is, Sir, that in Assam there is no High Court, no University, no Medical or Agricultural College or a hospital of the modern type. It is impossible for the Province to take to these things without substantial aid from the Government of India. Sir, unless the subvention is increased, Assam will go without the amenities of a civilised Government. I therefore hope that this question will be seriously considered by the Finance Department.

Sir, yesterday, although it was the Finance Bill which was being discussed, much heat was seen on the question of Pakistan. Sir, I submit Mussalmans are not responsible for claiming Pakistan. There was a time when the Mussalmans thought that they should remain united with the Hindus and that they should all join the Congress. There was a time when Mr. Jinnah, the late Maulana Muhammad Ali, Shaukat Ali and hundreds of Muhammadan leaders were in the Congress. They tried their level best to place the case of the Mussalmans before the Congress and get relief but when they found that they were not even heard then and then alone, Sir they came out and started the Muslim League. Even after starting their own organisation they still tried to see if they could come to some compromise with the Congress. Even then they failed. Therefore, I submit Sir, that Pakistan is a cry of despair as far as the Mussalmans are concerned. The Congress had the opportunity to take the Mussalmans into their hands but they did not utilize that opportunity in the way that they should have done.

Sir, while talking on Pakistan Mr. Row appealed to the Muslim League yesterday to consider the problem dispassionately and confront the Cabinet Mission with an agreed solution. I quite agree with him, Sir. We must come to an agreed solution before we approach the Cabinet Mission. “Agreed” is the word, Sir, which I hope Congress will mark and remember. Unless these two great communities agree there is no hope of India getting freedom. Even if the Cabinet Mission thrusts freedom upon the Hindus or the Mussalmans, neglecting either the Hindus or the Mussalmans, that freedom will never be permanent. They will be simply sowing the seeds of disturbance and revolt. So, I appeal to the Congress, as Mr. Row did

yesterday by appealing to the Muslim League, to come to some agreed solution with the Muslim League and then approach the Cabinet Mission for freedom and if that is done India will be happy permanently.

THE HON. MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, at the moment the fate of the peoples of India is in the melting pot. Epoch-making decisions are about to be taken. Is it not natural that in such circumstances the political should have had precedence over the financial considerations in discussing the Finance Bill and all that it connotes. Some of our colleagues have expressed high hopes from the efforts of the Cabinet Mission, others have doubts as to their *bona fides* even. I, Sir, do not profess to be a prophet. Therefore I cannot say what their intentions are, but we can only go by what they have so far indicated. They have indicated a desire to establish in India a government of the people. But here comes the fundamental question : to whom to give charge of the Government. We have all heard that good government is no substitute for self-government. The Government of Great Britain or the present Government of India may have done wrong, or may be right ; but that is beside the point. But the desire for self-rule cannot be quenched by the institution of this or that government. The *sine qua non* of self-government is the consent of the people. Only yesterday I saw in the papers George Bernard Shaw's opinion, expressed in his own inimitable way ; " that self-government is not a school-child's prize for good conduct. It is a human passion that demands unconditional satisfaction ". The consent of the people is the essential thing ; and that cannot be achieved by arguments. It is only after the conviction is born in your heart that " this is my government " that you feel that you have attained self-government. And it is when the peoples of India realise and feel that they have got a government which is their own government, and not a government superimposed, that they will feel happy, contented and able to enjoy the fruits of their work. I, Sir, have an intense desire for liberty. I do not wish to stand in the way of the liberty of any of the peoples of India. But, similarly, I do not like to be subjected to any kind of imperialism—whether it be the imperialism of Great Britain or the imperialism of my brother Hindus.

Sir, in this connection I should like to mention a little bit of historical fact. The Congress, when it was formed long, long, ago, in 1885, 60 years ago now, was called the National Congress. For some time, even though very few Muslims were in it, it carried on its work on the lines of a national organisation. But the moment it started getting rights vested interests crept in ; it gradually, somewhat imperceptibly but nevertheless surely, began to go to the side which had the majority. It is but natural ; I do not blame them. It is but natural that with a democratic organisation the majority should have its way. In that connection, Mr. Gandhi had done two things. Firstly, he had made the Congress from an organisation of the classes into an organisation of the masses ; and secondly, in order to attract the masses he had to have something which would act as a sort of magnet. The magnet he fashioned was : Go back to the old days, to Vedic times. From then onwards the bifurcation started. Hindus went back to their old glories ; and naturally, Muslims went back to their old glories. We had, as the result of long sojourn in India, tried to evolve something of a common culture, a common outlook, and a common way of thinking. But the moment there was a renaissance movement—going back to your old language, your old ways, even to the extent of making a change in appearance, in fact everything that had been acquired between the old era and the new era—you created the circumstances which brought about the separation of the two elements which formed the life of India. This was but natural. No one would have complained about it. But we have one objection, a serious complaint, that the Congress does not recognise the changed circumstances. It still carries the name " National Congress " and therefore claims to be the only party which can be the successors of the power which is moving out.

Sir, eleven years ago, the Qaid-e-Azam raised the cry that there were three parties in India, and not only two, as was being averred by Congressmen, who were claiming that there were only two parties, the Government and the Congress. Mr. Jinnah said there was a third party also, the Muslims. Even his friends were

[Mr. Hossain Imam.]

rather doubtful whether that cry in the wilderness would ever be heard. But, Mr. President, the Congress has been very kind to us every time that we have been in difficulty; most unintentionally, they have always come to our rescue though their actions which have been so impolitic that instead of advancing the cause of the Congress they have always advanced the cause of those who were in revolt. I will deal with that a little later.

I was saying that the advent of the Congress in 1937 was a godsend to us. The Hindu Congress got so intoxicated with the newly acquired power that in every province where the Congress was ruling there were atrocities out of number. There were cries from us for safeguards—not for Pakistan. We wanted that something should be done to make our position safe, our hearth and home secure. But our demand was treated with contempt. It was not thought even worth while looking into, and the only reply which we got was that it was all the work of our imagination. But history is there. I ask the Government of India in the Home Department to examine facts and figures and give us a report as to the number of riots in which Muslims had been killed or robbed, during the two and a half years during which the Congress was in the saddle, and the number of such riots after that period when Congress was not in power. Mr. President, it pains me to come here and stand up and expose our differences, but we have to do it because of the fact that Congressmen do not realise that differences have come to that stage.

Sir, we started this rebellion all alone against the mighty Congress, but we are happy to find that others are joining us. Dr. Ambedkar and his group have now realised how they were duped at the time of the Poona Pact. What was given to them with one hand has been taken back with interest with the other hand. They got increased seats, but they got no control over those seats. The Scheduled Castes have no control over the seats. The majority of the population happens to be caste Hindus, with the result that they return candidates acceptable to the general electorate rather than candidates acceptable to the Scheduled Castes. As I have said, among the fellow rebels I have Dr. Ambedkar and his group, and the latest recruits to our camp are the brave Sikhs, who asserted their right to rebel against the Congress Nationalism and repudiate their (Congress) claim by contesting every Sikh seat in the Punjab and defeating the Congress by 22 to 8. I welcome them in our fold and I hope that we two will advance and get our desire of independent States in this sub-continent of India.

AN HON. MEMBER: They will never consent to Pakistan.

THE HON. MR. HOSSAIN IMAM: But my Hon. friend must have seen the papers. Sardar Gyani Kartar Singh has today said according to the papers that he is willing to join as an independent unit in the Federation of India, but if India is to be partitioned, he wants a separate Sikh State. But the Bengalee Hindu will never consent to anything. At the time of the Simla Conference, we were within a measurable distance of having a shadow of self-rule—I do not call it self-rule. What we were going to get was the shadow, but even a shadow indicates that there is a light, which is a proof positive that darkness is disappearing. At that time we were told that the Muslim League did not represent the Muslims. As at the time of the elections, only a few people were elected on the Muslim ticket and those who joined the Muslim League Party afterwards did so without a mandate from the people. The Congress received hundreds of telegrams, paid for by the bunia, dictated by the pandit and sent by the Department of Posts and Air, in which every one of the telegrams said, "We have complete confidence in Mr. Gandhi and Mr. Jinnah does not represent us". Thousands of such telegrams were received. They were paraded before the Government and the claim was made that they must have a co-equal share with the Muslim League. It was said that out of the 5 Muslim seats, 2 should be given to the Muslim League, 2 to the Congress and 1 to those who have been so thoroughly defeated at the last elections, the unlamented Unionist Party. I shall deal with that later on. But this time the elections are finished and we have secured more than 86 per cent. of the seats in the whole of India. The Congress, if you exclude one province, the North West Frontier, about which I will tell the story afterwards, have not dared to put up any candidates in at least 6 provinces out of the 11. The results are here. There has been a clear mandate from the Hindus that they have complete trust in the Congress. They do not want anybody else to come and talk about

them. The only people who can talk about the Hindus are the Congress. We have never denied that right. We have always thrown this burden on them. We have said, "You are the representatives of the Hindus" but they have always said, "No. The Mahasabha is there". Fortunately, the Mahasabha has been permanently eliminated from the political life of India. That goes to prove two things: firstly, that the Hindu masses realise the inevitableness of Pakistan. The Mahasabha was the strongest opponent of Pakistan and they have been eliminated. So far so good.

THE HON. RAI BAHADUR SRI NARAIN MAHTHA : Elimination of the Mahasabha is an indication of the coming times when all communal organisations shall go.

THE HON. MR. HOSSAIN IMAM : It has given birth for the first time to the Panthik Akali Party coming into the Legislature. I am afraid, Sir, that the wish is father to the thought. I hope that the Panthik Akalis will be of the greatest help to us.

THE HON. RAI BAHADUR SRI NARAIN MAHTHA : You have forgotten the Holy Warriors, the Communists.

THE HON. MR. HOSSAIN IMAM : I was going to say that there is a revolt in the Hindu fold, though a very small one. My Hon. friend has just reminded me that the Communists are coming in. But they are not from the Muslim constituencies and they are not against our demand of Pakistan. All those who have been returned have been returned from non-Muslim constituencies. Not a single Communist has come in from a Muslim constituency. Mr. President, I will not go into this.

I was saying, Sir, that the Congress has tried to disrupt everywhere. It ran candidates in the names of mushroom organisations, somewhere Muslim Majlis, somewhere Ahrars, and somewhere Kishak Proja Party, and everywhere money was given by the Congress—I make this charge deliberately.

THE HON. RAI BAHADUR SRI NARAIN MAHTHA : What is your source of information ?

THE HON. MR. HOSSAIN IMAM : Money was given by the Congress and accepted by the Quislings among the Muslims who are lauded to the skies by the Congress. When one man is elected he is lauded to the skies by the Congress. They had no courage to contest the Muslim seats except in two or three provinces, U. P., Bihar and one or two other places. In most of the places they had their benamidars. But even that is ended now. Let us agree that whatever has passed has passed. Let us realise where we stand. Is it possible for the Hindus or the Mussalmans to coerce the other ? It is an idle desire, a desire which will make the Congress, instead of being a worker for the achievement of self-government in India, an impediment in the way of self-government. I, Sir, am one of those who believe that in this world one lives to learn. The wise man never desires to repeat the mistakes which he may have committed once. I therefore appeal to my Congress friends, my Hindu friends, to forget what has happened in the past. Let us start a new chapter in accommodation instead of crying as the *enfant terrible* of the Congress, Pandit Jawaharlal Nehru, who has been shouting from the house tops that he was going to crush the Muslim League. He wanted direct contact with the Muslims: he tried that once and failed miserably and this time he has again failed. The arrogant dictator said that the Muslim League was to be crushed.

THE HON. RAI BAHADUR SRI NARAIN MAHTHA : But not the Muslims. They had to be weaned away from the perverted policy of the League.

AN HON. MEMBER : All communal organisations.

THE HON. MR. HOSSAIN IMAM : But have you succeeded ?

AN HON. MEMBER : Oh, yes.

THE HON. MR. HOSSAIN IMAM : With the rebirth of the Panthik Akali Party. I was saying that every effort that human ingenuity can make was made to eliminate the Muslim League, to create disruption among the Muslims by following in the footsteps of the British who first came into India by creating differences among the Indian Princes. The British wanted to rule by creating differences among the independent States of India. The same tactics was followed which has failed, as it

[Mr. Hossain Imam]

was bound to fail, as historically and theoretically it should fail. Where are we today? We stand on the threshold of a new era. If you have a desire for it, let us examine things as they stand, calmly, patiently and without any desire for overlordship. For, if desire for overlordship is to be the main consideration, I do not see any reason why England should give any power to India. You have not crushed the Englishmen; you have not defeated them in battle. On what basis are you demanding self-government? On the basis of equity and justice; and on that basis on which the whole theory of evolution of power is based, I demand that our people should have a government of their own. I have said that the Congress has come to our rescue most unintentionally. They came to our rescue at the time of the Simla Conference. By saying that we did not have a mandate from the people they goaded the Muslims to vote solidly for the Muslim League. It is due to the direct result of the assertions made by the Congress at the time of the Simla Conference that we have received this overwhelming support from the Muslim masses. And again they have come to our rescue very recently. The Rashtrapathi Maharaj—I do not wish to name him—by his flying visits to different provinces has conferred a great boon on the Muslims of India by showing that even in their homeland, in the Akhand Hindustan, there was no chance of having a Government of their own, by showing positively that the machinations of the Congress will be so great that you will be always cheated of the price of your labour, as he has been done in the Punjab. They have convinced even those amongst us who believed in the unity of India that the salvation of Muslims lies in Pakistan.

I will just say a few words on the results of the elections in the Punjab. It is the nearest province to the Government of India and one in which many of them take a deep interest. Sir, the Congress put up 83 candidates for the General and Sikh constituencies. They got 51 persons elected and 12 of the Congress candidates lost their security deposit and most probably many of them were in the Panthik Akali contests. All honour to them. The Unionist Party has given a great leader to the Congress, a tried leader, a man whose sterling worth the Congress has now recognised by serving under him, because of his great services to the then Governor they think they can safely rely on him to be as subservient. A man who can be under the thumb of one man will be under the thumb of the other too. They put up 101 candidates—the mighty Unionist Party—and 18 candidates were elected; 18 others lost their security deposit. The Panthik Akali Party naturally put up only 30 candidates for 30 seats reserved for the Sikhs. It got 22 out of that; and not even in a single one of the 8 seats they lost was there forfeiture of security. That shows that there is a better future for them and I hope they will continue as they have done in the past. 214 candidates were put up by the Coalition Party which is now in power in the Punjab they got 91 persons elected. It gives a 42 per cent. return and 30 of their candidates forfeited their security, which represents 14 per cent. The Party which has been so unsuccessful in the elections is chosen—no two of them combined even would equal the Muslim League Party—for wielding power; it pleased the Governor who has no sense of constitutional propriety to call those people who had been so thoroughly repudiated by the electorate to form the Government of the day. I will give another figure. The Congress secured 57 per cent. of the general constituency votes; the Panthik Akali Party secured 43 per cent. Sikh votes and the Muslim League Party secured 65 per cent. of the Muslim votes. I am indebted to the *Times of India* of the 14th March for the figures which I have quoted today. We put up only 86 candidates and we got 75 returned. Does that not show to the blind eyes of the occupant of the gubernatorial chair who has the confidence of the people? But, Sir, this is the direct result of the unholy alliance which exists at the moment between the two parties, on the King's and the other the presumptive heir-apparent's.

THE HON. RAI BAHADUR SRI NARAIN MAHTHA : If the Hon. Member will permit me to make one interruption, I would like to say that he has grossly misrepresented the position with regard to the Sikhs. The Congress lost in the Sikh constituencies because the Sikhs were apprehensive of the long-standing Congress softness towards Mussalmans.

THE HON. SIB SOBHA SINGH : I challenge that. All Sikhs who had been put up against the Akali Party were supported and financed by the Congress.

THE HON. RAI BAHADUR SRI NARAIN MAHTHA : That is irrelevant. Every Party supports its candidates.

THE HON. MR. HOSSAIN IMAM : I was saying that we, of the Muslim League, want to live and let live. We do not wish to encroach on a single acre of land which is not strictly within our area. We have not defined the boundaries, because our Resolution provides that Pakistan should be established in the North-West and North-East Zones of India where the Muslims are in a majority with such territorial adjustments as may be necessary. I think that extends the hand of friendship to my fellow-countrymen, and it is up to them to talk over the matter in a calm and quiet manner and in an accommodating spirit. If the spirit which usually we find among businessmen is present, I have no doubt that this tangle could be solved without detriment to anyone, with happiness and contentment for all the peoples who live in India.

Sir, a question was put yesterday as to why the Muslim League has now decided to support the Finance Bill after having opposed it all these years. I think, Sir, the reasons were very plainly stated by the Deputy Leader of the Muslim League Party in the other House and the Finance Member of the Government of India. There was no pact. It was alleged that it has been done for a political purpose. Nothing of the kind. The situation has changed enormously since the last year. Firstly, we also felt—and I think every self-respecting man would have felt—that during the war for the citizens of the country to be deprived of any power and control was unjust and therefore we continuously opposed the Finance Bill, because we were opposed to the carrying on of the war over our head. That condition does not exist today. We are in peace. Secondly, Sir, the attitude of the former Finance Member—and the Principal Secretary for Finance will bear me out was mostly, “Take it or leave it, this is the Finance Bill which I wish to present to you. If you accept it so much the better. If you reject it we will get it certified”. Here, Sir Archibald Rowlands made a new offer. He said that he was prepared to consider your suggestions for further reliefs and he showed his willingness for further relief, provided he was not forced to have recourse to certification. Now, I profess to represent the public. We profess to have been actuated by a desire to serve the public. How would it be compatible with our statements and when we could get some concessions for the peoples of India, we should refuse them merely on political grounds. If the representatives of the political parties are not sitting on the Treasury Benches whose fault is it? Is it the fault of the present occupants? Did they refuse to resign and keep us out or was it our own differences which have kept us out? That, Sir, is an additional reason why we feel that it should be supported. Thirdly, Sir, as was pointed by out my colleague, Sir Gopalaswami Ayyangar, the fact that all these years the Bill was coming in a certified form to this House make for those members who are not ordered to do things to use their own discretion and decide the thing on merit, just as Sir Gopalaswami Ayyangar has decided on merit and not to oppose it in the manner and for the reason for which he used to oppose it formerly.

Sir, we are charged with having a pact but I say, quite frankly that the present executive if we support the Finance Bill should not run away with the thought that we support them in all their actions, that we have become their camp followers or that we have no grouse against them. I have a very strong grouse against them and I think that there is no Mussalman in India who has not a grouse against the present Government of India for the fact that Capt. Burhanuddin and Capt. Rashid have been treated in the manner in which they have been treated. A perverted notion of cruelty has crept into the minds of the Britishers that it is humane to kill but cruel to beat. This can be the notion of no people in the East. It may be the western conception but I can say, Sir, that we easterners do not feel like that. But you can expect nothing from our Government of India. When the Frontier used to be bombed it was averred that it was a humane measure; it saved lives, but when London was bombed by the Germans it was called brutal. The use of V weapons was regarded as heinous crime but atom bomb was the most perfect form of civilisation. Well, from a people of that nature you can expect nothing.

THE HON. THE PRESIDENT : You have already spoken for 40 minutes. Will you please bring your remarks to a close. The clock you are looking at is not working!

THE HON. MR. HOSSAIN IMAM : I have been looking at the clock and thinking I have still a lot of time !

Well, Sir, I was saying that the cases of Capts. Burhanuddin and Abdul Rashid deserve better treatment than has been awarded to them. It is most obnoxious that they should be punished in the manner they have been punished except as a method of differentiation between the two peoples who live in this country.

Sir, I am not going to waste much of my time. I will just go over some of the financial points.

Sir, I find that the Treasury Benches and especially the Finance Member has become a convert to the caste system of India. They also I think cannot be without the Brahmins and Pandas. The Taxation Enquiry Committee which they are going to form is to have the Birlas in the shape of Brahmins, the capitalists who will officiate in all the prayers, the Pandas will be the managing agents who will take you to the temple and the Harijans who will have to clear the ground will be the politicians. The Taxation Enquiry Committee is to remain the preserve of those who have vested interests just as for the Planning Department the panels have been kept as a close preserve of those who are already in the business. Exploiters must be helped to exploit, the rich must be allowed to become richer so that the poor may be allowed to become poorer.

Sir, I want to know why no effort has been made by the Government of India to recover our contribution from Burma on account of the repayment of loans. His Majesty's Government can advance them for all other expenses. Why cannot they advance this money for that purpose also. Is it because it is regarded as unessential? The Government of India's demands are always unessential and not worth being met. This is the comment from H. M. G. to their most obedient servants.

Sir, I also refer to the complete silence of the Finance Department about what happened to the money which we spent on paying compensation for the Bombay Dock Explosion. A sum of Rs. 14 crores was spent and we were told that it would be recovered from H. M. G. or from the Allied Governments but so far the ineffective voice of the Finance Department of the Government of India has proved a cry in the wilderness and has not attracted any attention or any reply perhaps from anywhere.

Sir, I do not wish to take up the time of the House any more but I should mention that the Hon. the Finance Secretary in his Explanatory Memorandum has given us a very rough idea without specification of our non-interest bearing assets. I would request them as I asked last year that this part of our liabilities should be more specifically stated in the next Budget.

THE HON. THE PRESIDENT : Will you please bring your remarks to a close ?

THE HON. MR. HOSSAIN IMAM : I have not got much to say now, Sir, but would like to refer to a few items.

Last year, I had asked the Finance Department that it should spend more money on Income-Tax, Account and Audit as they were the departments concerned with bringing in money, and because of the false economy we were being made to lose much. I am glad that they accepted that advice and the Hon. the Finance Secretary told us that they are going to expand them but I find that even now the expansion is not enough. I was thunderstruck, Sir, when I found in the demands for grants No. 70 for Delhi that 67 persons known as additional establishment were going to cost Rs. 9,80,600. That every man who was not an officer but belonged to the ministerial staff should cost Rs. 15,000 per annum, Sir, on the face of it is a wrong statement. Not that it was a dishonest statement ; it simply indicated the pressure of work and fewer hands to do it had made it impossible for these things to be examined. Perhaps the figure of 67 was wrong ; probably, it contained something about Police establishment, but I just cite that as an instance how the scrutiny is not enough and that shows that people have more work to do at least in the Finance Department although there are Departments in which there is little work to do and more men to be shown.

Sir, an appeal was made by a few of our friends that the Hindu undivided family should not be treated in the manner in which it is being treated now. I have nothing to say on that, because it does not concern me, but I do feel that when anyone makes a demand which is justifiable on merits, merely to give the excuse that it has existed for a long time is not the right way of disposing of the demand ; a long-standing injury or injustice does not make it any the less of an injury or injustice because of its long-standing nature. If there is any injustice, I think it should be set right.

There is another thing I should like to say. In the Estate Duty Bill that has been introduced in the other House, it is likely that we will be harder hit, because we have no survivorship. And then we will ask also that equity should prevail.

In the end, I have to say that this Bill may not be ideal, but it was the best that we could have in the circumstances, and for that reason we support it.

LIEUT.-GENERAL THE HON. SIR THOMAS HUTTON (Planning and Development Secretary): Sir, I may perhaps be allowed to crave the indulgence of the House on this the first occasion on which I have addressed it. It has been suggested in the course of the debate that Government are not serious in their planning and that the Planning and Development Department have not obtained the co-operation of other Departments of Government. We have also been asked, I think by my Hon. friend Pandit Kunzru, for a programme of our proposed expenditure during the next five years, and when full information may be available as to what our plans are.

As regards the first point, the fact that Government are serious in their planning is, I think, shown by the large number of reports, statements of policy and plans that have actually been prepared and in most cases published. We are sometimes told that everything is on paper. But Government are in fact so deeply committed to those very papers that they could not possibly withdraw. Government have also gone further. They have approved 100 per cent. advance grants for many hundreds of development schemes to be carried out by provinces in 1946-47. Actually a provision of Rs. 35 crores has been made in the budget for that purpose. This, of course, is in addition to loans for productive schemes.

As regards the co-operation of other departments, and, I would like to add, of the Provincial Governments, it would be proper for me to speak only respecting officials. I would like, however, to take this opportunity of saying that I have had the fullest co-operation and consideration from my colleagues both in the Centre and amongst the senior officials of the Provincial Governments. Difficulties, of course, there have been, some of them due to genuine differences of opinion, and some due to the very heavy burden of current work which has fallen on officials during recent years ; and I do think they deserve everybody's thanks for the way they have got down to these plans at a time when they were struggling with an enormous mass of urgent work connected with war and war-time problems. I think I can say quite honestly that in practically every case we have resolved those difficulties in a spirit of complete goodwill and co-operation.

As regards the various plans, I quite agree that the time has come when we should endeavour to put them together and show the country as a whole what is actually proposed to be done in the five-year period covering the whole field of development. Recently we gave instructions for a summary of the interim plans for 1946-47 to be prepared—something that would be suitable for the information of the public. We could not do this before, because we have not even yet quite finished the examination of the plans and the approval of them for purposes of advance grant. It is the same with the five-year plans. Most of the Provincial Governments have published their five-year plans and information is being made available as to a great many of the plans of Departments of the Central Government. The examination and review of those plans is not yet complete, but it is very desirable that a comprehensive review for the information of the public should be available as soon as it can be prepared. I can only assure the House that the Planning and Development Department have not lost sight of this matter.

As regards finance, we see no reason at present to revise the estimates of the funds which may in certain conditions be made available, which were announced by the-

[Sir Thomas Hutton]

late Finance Member, Sir Jeremy Raisman, in his Budget speech in 1944. This amounted to a total, in the first quinquennium, of Rs. 500 crores by way of revenue surpluses and Rs. 500 crores by way of loan.

THE HON. PANDIT HIRDAY NATH KUNZRU : How does the Hon. Member propose to get a surplus of Rs. 100 crores a year in the next five years ?

LIEUT.-GENERAL THE HON. SIR THOMAS HUTTON : I will ask my Hon. friend the Principal Finance Secretary to deal with that point. This is, of course, in addition to private investment. Without going into details, I can say that plans are available either from the Provincial Governments or from Central Departments which would absorb approximately the whole of these sums and such other resources as are available such as provincial surpluses.

As regards industries, information has been made available from time to time of the progress made, and it has also been announced that the reports of the Industrial Panels are in an advanced stage and may be ready very soon.

Finally, I would like to assure the House that Government is sincere in this business, and that while much remains to be done, a great deal has already been done. Post-war development has in fact actually commenced, and will, I feel sure, continue with ever-increasing momentum in the years to come.

THE HON. PANDIT HIRDAY NATH KUNZRU : When may we expect the Central Government's quinquennial plan to be ready ?

LIEUT.-GENERAL THE HON. SIR THOMAS HUTTON : A number of plans have been issued by the respective departments. They have not been put into one compendium which includes them all. That, I hope, will be done in due course.

THE HON. THE PRESIDENT : I shall now call upon the Hon. Sir Cyril Jones to reply to the debate. As regards the other members who have not spoken, I will give them an opportunity later on to address the House.

THE HON. SIR CYRIL JONES (Finance Secretary) : Mr. President, Sir, I feel that I should at the outset of my reply to this debate make an apology to you and to the Hon. Members of this House on behalf of the Hon. the Finance Member for his inability to attend any portion of the debates in this House on the Budget and the Finance Bill. By a conspiracy of circumstances he was, at the time of the general discussion on the Budget here, laid aside through a temporary but acute bout of indisposition which confined him to his bed for a few days ; and on the present occasion he has been fully occupied in the other place where for two days continuously his presence has been necessary for the moving of Supplementary Demands. I sympathise with the House, the more especially because I feel my inadequacy as a substitute for a man of such brilliant attainments as our present Finance Member.

The debate on a Finance Bill, Sir, is something of an event, both because of its intrinsic importance and interest, and because of its constitutional significance. During the current debate one has felt and sensed the change in atmosphere that has taken place in comparison with that which has been evident during similar debates in the last few years. That change, Sir, I welcome. I regard it as a portent of hope. By contrast with what I might call this improved general atmosphere the very few exceptions have been the more noticeable. It is, Sir, a matter of personal regret to me that the contribution to a debate of this importance of a speaker of such personal charm and outstanding and fluent oratory as the representative from Madras Province, Mr. Thirumala Row (who incidentally, I might remark, manages to look remarkably well and to keep particularly vigorous on his 800 calories a day), should have been devoted to promoting suspicion and mistrust, refusing to recognise any change in the situation, reviving old and time-worn shibboleths, denying the quality of sincerity to others while presumably claiming it for himself, and refusing to recognise difficulties which are apparent—and only too painfully apparent—to any honest man. I trust that this was only the exuberance of oratorical licence. But I would make a personal appeal to the Hon. Member to reflect as to whether this sort of thing really does help in present circumstances, and whether even at the twelfth hour goodwill cannot be summoned in support of a speedy, acceptable and honourable solution of one of the greatest problems of statesmanship

that has ever faced mankind. My Hon. friend Mr. Kalikar urged that His Majesty's Government should take a quick decision and hand over power to India. I suggest, Sir, that never in the history of the United Kingdom has public opinion been so solidly mobilised behind the Government of the day as it is at present behind the policy of the present Government as announced and defined in recent months. But is anything to be gained by refusing to recognise that the solution of the problem is and must be a co-operative effort, and that the situation requires decisions on the part of the foremost Indian leaders as well as on the part of His Majesty's Government? Sir, I have served in India for more than 30 years. I have been a Member of this House for 7 years and I make that my excuse for a personal plea for a spirit of goodwill and co-operation in this critical time.

But, Sir, I am straying from my brief, and in this interesting debate a number of points have been raised to which Hon. Members will expect some reply; although again I must say that it is impossible, in the course of an hour's reply on the part of the Government Member, to make mention of the many different points that have arisen during the course of the two-day discussion. I would like first to deal with the question of direct taxation. There is one minor point raised by my Hon. friend Sir David Devadoss. He asked if pensions do not count as earned income. The answer is that they do. Under clause (6AA) of section 2 of the Indian Income-tax Act, as amended by the Indian Income-tax (Amendment) Ordinance, 1945, "earned income" includes any income of an assessee which is chargeable under the head "Salaries"; and under section 7 of the Indian Income-tax Act, the tax is payable under the head "Salaries" in respect of any salary, annuity, pension, and so on. Therefore, pension counts as salary for purposes of assessment to income-tax and under the provisions of the Ordinance of last year secures the benefit of earned income relief. But it is possible that my Hon. friend's difficulty has arisen from the fact that salaries earned in the year 1944-45, though assessed finally in the year 1945-46, are subject to the rates applicable in the earlier year, 1944-45. It is for that reason that special provision was made in the relevant enactment of last year, *vide* section 7(2), that "there shall be deducted from the total income of an assessee in accordance with such provision an amount equal to 1/10th of such earned income exclusive of any income chargeable under the head "Salaries" but not exceeding in any case Rs. 2,000". Thus, salaries and pensions for the year 1944-45 are assessed at the 1944-45 rates which do not provide for earned income relief, although other income, business income, for instance, of the year 1944-45, is assessed in the year 1945-46 and will therefore secure earned income relief.

This brings me to the point which was raised by my Hon. friend Sir Gopalaswami Ayyangar, who asked for the reason and justification for different rates in the final assessment on that portion of the income represented by "Salaries and interest on securities" and on "Other income". My Hon. friend said that it was a cause of confusion to have two rates applicable to different parts of the same year's income. I do not know whether it is a fact that confusion has been caused, but this is a time-honoured practice which has operated from the very time when income-tax on these two classes of income, *i.e.*, salaries and interest on securities, was first deducted at source. It is deemed to be convenient to the Administration and to the assessees that those deductions should be regarded as definite tax, and not as mere advance payments, and consequently, whenever income-tax rates have been raised in the past, the enhanced rates have never been applied to "Salaries and interest on securities" assessed by deduction at source in the previous year. Consequently, when rates are lowered, or when any other concession is given, we cannot apply that reduction of rates or that concession with retrospective effect to salaries received in the previous year. This is really the only possible arrangement in the interests of the convenience of the assessees themselves. Thus in the case of interest on securities, where interest is paid subject to deduction at source of income-tax thereon, the security itself might change hands many times before the final assessment is made, and it would be a tiresome and difficult job tracing back tax adjustments through the various transfers to the earlier holders concerned. Present practice thus seems the only fair and reasonable way of treating this particular question, and it is undoubtedly administratively convenient. That is both the reason and the justification for the arrangement.

[Sir Cyril Jones]

Another question connected with income-tax, Sir, has been raised on which I hesitate to tread because it is technical and somewhat difficult. But I feel I must say a few words on it because it has been referred to by several members during the course of the debate, namely, the Hon. Mr. Motilal, the Hon. Mr. S. K. Das, the Hon. Pandit Kunzru and lastly the Hon. Mr. Hossain Imam. The Hon. Pandit Kunzru declared it, oddly enough, to be an obvious injustice. That assertion was taken at its face value by the Hon. Mr. Hossain Imam. I do not know, Sir, on behalf of whom the Hon. Pandit Kunzru speaks when he declares that this is an injustice to Hindus. When the 1939 Income-tax Bill was on the anvil before the Legislature the Hindu majority in the Assembly refused to support a demand for special treatment for Hindu undivided families for securing more leniency for income-tax purposes, and they certainly did not take very seriously the complaint that income-tax law was causing the disruption of the Hindu undivided family—

THE HON. MR. G. S. MOTILAL : May I inform my Hon. friend that that is not correct. Both Mr. Bhulabhai Desai and Mr. Aney said that division should not be taken to be a physical division of property and the Hon. the Law Member then said that they would leave that point for decision.

THE HON. SIR CYRIL JONES : I wish, Sir, that I had taken the precaution of bringing that debate. I would have quoted with pleasure certain extracts from the Hon. Mr. Bhulabhai Desai's speech which would have confirmed my statement—

THE HON. THE PRESIDENT : You can do so later on.

THE HON. PANDIT HIRDAY NATH KUNZRU : Does the Hon. Member deny that there is dissatisfaction in the Hindu community because of the existing state of the income-tax law with regard to joint Hindu families ?

THE HON. SIR CYRIL JONES : I say that the feeling among the Hindu community is not uniform on the problem, and that there is no consensus of opinion so far as I know. This very question has been debated on the floor of this House with a negative result. One grievance that is alleged to my knowledge is that the undivided members of a Hindu undivided family have to pay more because they are assessed as a joint family than if their income was divided among themselves and they were separately assessed, notwithstanding the fact that certain assessment concessions are given to the undivided family. But that, Sir, is an arrangement which works two ways, sometimes in favour of the members and sometimes against them. For instance, if the undivided members have large personal incomes, by virtue of section 14 (1) of the Income-tax Act which exempts the income received by a member from his share in the family income so that it is not included in his total income even for the purpose of determining the rate of tax payable by him, where the personal incomes are substantial, the members of the Hindu undivided family profit by being assessed in respect of their family income as a family and

THE HON. MR. G. S. MOTILAL : I am afraid the Hon. Member has missed our point.

THE HON. SIR CYRIL JONES : But after all, Sir, the fact remains that if any Hindu undivided family feels that it is prejudiced in being so treated and assessed, its remedy is obvious, namely, to partition, in which case the members will be treated as individuals, as they will then be. All that the income-tax law requires is that partition should be genuine ; the partition may be legal, but it is not genuine, unless there is physical partition by metes and bounds. If the Income-tax Department were to depart from that principle, the result would be that while it would be possible for members of a Hindu undivided family to divide and to re-unite on paper as it pleased them, while leaving their property intact and undivided all the time, they could merely divide or re-unite according to the circumstances of their personal and their family incomes for the year in question so as to get the utmost benefit of both worlds in the matter of their assessment of income-tax. Those are the main reasons why this particular procedure, which I admit operates harshly in certain cases, has in the past never been changed. I repeat that Hindu opinion is certainly not unanimous on the subject, and I repeat my suggestion to the Hon. Mr. Motilal, if he doubts, to read Mr. Bhulabhai Desai's speech on the 1939 Income-tax debate in the Legislative Assembly.

THE HON. MR. G. S. MOTILAL : I have read both speeches very carefully.

THE HON. SIR CYRIL JONES : I have nothing more to say on the question of income-tax except to express my surprise that certain Hon. Members should assert during the course of this debate that the present Finance Bill increases the rate of income-tax on people of ordinary means. I do not know amongst whom the Hon. Mr. N. K. Das lives ; he must live among the ranks of the wealthy, because it is only people with earned income of Rs. 1 lakh or more who pay more income-tax during the next year than they would have paid during the current year ; and, as I explained in my reply to the general debate, there is a considerable range in the lower reaches of the income-tax scheme where—I think it is up to Rs. 8,000 per annum—assessees will actually pay less under the new scheme of income-tax than they did in the pre-war year 1938-39.

There has been a considerable consensus of opinion, Sir, as to the need for scrapping our economic controls, for the reason that they encourage and facilitate corruption. With that view the Government have every sympathy in theory ; but the extent to which they can be guided by those considerations are unfortunately limited in practice. Since the cessation of hostilities, the policy of the Government has been to remove controls where possible and to retain only those which are considered essential to the economic health of the country. Not a single control, so far as I am aware, is being maintained for control's sake. Wherever possible, controls have been dispensed with, such as those relating to motor vehicles, spare parts and batteries ; a number of procurement controls of the Industries and Supplies Department, Labour Recruitment Control Orders, Railway Controls, such as those relating to luggage and parcels, etc. It has been done to the extent, as was explained in the Budget Speech, of the elimination already of 150 controls. Amongst the 135 that continue, there are first of all controls which are considered necessary for assisting a smooth transition from war to a peace economy.

I would illustrate that category of control by mentioning the Import and Export Trade Control, which, although still necessary for obvious reasons, has been considerably simplified and relaxed. The Capital Issues Control comes within the same category and is being retained for reasons given both in the statement of the Government's industrial policy and also in the Budget Speech. A further example of that type of control is the Mica Control.

4 P. M.

Then the second category of controls are those necessitated by the present food crisis, as for example, those relating to export of cattle, export of manure, cultivation of specified crops and the use of milk for industrial purposes. These controls are being maintained in the interests of the food situation and, the food situation being critical, I think that proposition will be disputed by few.

THE HON. RAI BAHADUR S. K. DAS : What about the relaxation of the Cloth Control ?

THE HON. SIR CYRIL JONES : I would put Cloth Control under the next category ; the third category that I am just going to mention.

THE HON. THE PRESIDENT : The Hon. Member may proceed with his speech. Otherwise there would be no finality to these interruptions.

THE HON. SIR CYRIL JONES : The third category is that necessitated by shortages, of which cloth is an example. Other instances are non-ferrous metals, newsprint, coastal shipping, and so on. Then, lastly, there are provincial controls which relate mainly to the distribution and movement of foodstuffs.

I think this will serve to illustrate that the Government have very good reasons for maintaining those controls which are still in operation, and I would repeat that their general objective is to break away from controls as soon as the necessity for the controls ceases.

THE HON. THE PRESIDENT : May I ask what happens to these controls six months after the termination of the war which, as the Government have already announced, officially terminates on the 1st of April ?

THE HON. SIR CYRIL JONES : Well, Sir, such controls as are based on legislation or rule or order which will itself expire as a result of the termination of the war will have to be placed on a legislative basis if it be considered necessary to continue them beyond six months after the termination of the war.

THE HON. THE PRESIDENT : Then in that case meetings of the Legislature will be necessary before September next.

THE HON. SIR CYRIL JONES : If it is an emergent matter, the power of Ordinance still remains, although limited to a period of six months. This might be a possible way of tiding over the difficulty until legislation through the ordinary channels becomes possible, but we hope that such a contingency will not arise.

THE HON. THE PRESIDENT : Thank you.

THE HON. SIR CYRIL JONES : There has been some comment, Sir, on the question of reduction of Civil expenditure and reduction in the Civil departments following the end of the war, although, so far as I can gather, again we have no unanimous, or even general consensus of opinion on the subject. The Hon. Sir Shantidas Askuran rather surprised me by advocating a return of the Civil budget to the pre-war level.

THE HON. SIR SHANTIDAS ASKURAN : I did not say that at present. The aim should be that we should reach that level or nearabouts.

THE HON. SIR CYRIL JONES : If that were generally acceptable, Sir, we must aim to return to the pre-war level of prices, we would have to return to the pre-war care and maintenance system of administration, and to abandon all ideas of a forward development policy. Those are the only circumstances in which we could possibly return even ultimately to a pre-war level of Civil expenditure.

I would like to explain though, Sir, what action was taken in connection with the end of the war. The Finance Department issued a directive requesting the termination by the end of October, 1945, of posts and projects which were directly connected with the conduct of hostilities, suggesting examination in respect of posts and projects connected with the maintenance of economic controls and other activities arising out of the war, and asking in respect of posts and projects which were part of the normal activities of Government that fresh and full justification for their continuance should be furnished. The object of this survey was not so much the number of rupees that could be saved but to secure the termination of unessential expenditure with a view to expediting the transfer of resources from war-time purposes to peace-time developments. There was a general scrutiny of the grants under the control of each Civil department and, besides terminating posts for which no *prima facie* justification existed with the end of the war, economies were suggested which were mainly incidental to the re-orientation of the activities of departments in the transition from war to peace. Reductions were classed into three categories—

THE HON. SIR SHANTIDAS ASKURAN : On a point of information, Sir. May I know whether Government desire to appoint a Committee, similar to Lord Inchcape's Committee which was appointed after the last war, to go into the figures of expenditure and to suggest how it shall be curtailed ?

THE HON. SIR CYRIL JONES : We have explained before in that connection, Sir, that our greatest difficulty in that respect at present is the severe strain of our man power resources. It is a fact that few departments can spare even a single officer without being put to considerable strain and difficulty, and the conduct of a Retrenchment Committee on the lines on which it has been held both here and in the provinces in the past with the preparation of memoranda, the examination of witnesses and so on, is such a large undertaking that we simply have not got the men available at present. But when the war-time pressure on our personnel diminishes, as we hope it rapidly will, that will be the time when a Retrenchment Committee might well be a possibility. I conceive however that that will be a matter for the new Government.

I was explaining, Sir, that reductions could be classified mainly into three categories. First, those reductions which were attributable to activities which had become unnecessary due to the end of the war, of which by way of concrete example I would mention the Counter-Propaganda Directorate, Press Advisers, the Civil Pioneer Force, Civic Guards, war-time additional police, and so on. Next there were the reductions effected as the result of the curtailment of activities, such as the Labour Department's Unskilled Labour Supply, the Intelligence Bureau

in the Home Department, the activities of the Controller General of Civil Supplies, the Chinese Relations Officer, and so on. In the third category I would place, in a category all to itself, the reductions resulting from the cut imposed by the Legislature of Rs. 93 lakhs in the Information and Arts Department. Thus, although the Government have been paying attention to the question of cutting out unessential expenditure and cutting down expenditure that is capable of being pruned after the termination of the war, they have done so with discretion, in view particularly, to the switching over of personnel from activities that can be curtailed to those which have to be expanded in the changed circumstances : because, side by side with these reductions there has been expansion with a view to preparing and implementing development plans in the nation-building departments such as those of Health, Agriculture and, in the matter of Resettlement Directorate, the Labour Department.

My Hon. friend Brigadier Hissamuddin raised a question of some interest to me namely, his suggestion that the statutory subvention to the North West Frontier Province should be increased. The Government are certainly not unmindful of the conditions in regard to that Province which are peculiar to it—its wide-flung nature relative to its population, its comparatively meagre resources, the fact that as a small unit it has to carry the overheads of government just the same as the larger provinces, and so on. But there are difficulties in upsetting a financial scheme such as that introduced with the 1935 Act. Looking ahead, however, to the time when India will, as we hope, embark on a forward development policy, these disparities, as I might call them between province and province in the matter of their standard of social services and administration can possibly be ironed out to a certain extent by the scheme of distribution of Central grants for Provincial development purposes. That matter, as mentioned in the Budget Speech, has not yet been decided. It was indicated that we have, for the purposes of planning only, assumed distribution on a population basis, with special consideration for small provinces and those with meagre resources. But if it proves possible to adopt a system somewhat on the lines of the Australian Federal grant system, which takes into account such factors as the natural resources of the State, its stage of development, its taxable capacity, and so on, we shall have a system which will have as its primary object the achieving of a reasonably equal standard of social and other services in all parts of the country. As mentioned in the Budget speech, this is a matter which we cannot finalize and dogmatize at the present time. But it certainly affords a way out in the case of a province such as the North West Frontier Province and, I would add for the benefit of my Hon. friend from Assam, other provinces, in the same straits, such as Orissa and Assam, which will remove this disparity in the standards of administration in the different provinces. But until that question has been more fully gone into, it is impossible to say anything at the present moment.

I would like to make a brief reference to the point raised by my Hon. friend Mr. Muhammad Husain in the matter of the disposals procedure. He urged that we should devise a system which should secure that surpluses reach the hands of the general public and are not given to capitalists for purposes of exploitation. He has there put his finger on the root difficulty in any system of disposals at a time of general shortage of supplies, because there is inevitably a conflict between the one objective of getting stuff into the economy of the country quickly and the other of holding it up until you have reasonable stocks which then you can put out in an orderly manner. This matter is engaging the attention of the Disposals Directorate. In certain cases such as textiles where there is a textile control organisation already in existence through which the Government can work, the problem is fairly simple of solution. But in other cases, when you are going to put out surpluses in small quantities into a partial vacuum starved of those particular commodities, there is inevitably a risk of them passing into a sort of black market to the detriment of the legitimate consumer. I cannot say any more at present except to assure the Hon. Member that the Government are aware of this problem and are doing what they can to solve it, and I will see that his remarks are passed on to the appropriate department for their consideration.

One other matter to which I might give the very briefest attention is the reference that has been made to the question of payment for compensation disbursed in connection with the Bombay explosion. The Hon. Mr. Hossain Imam is in fact

[Sir Cyril Jones]

incorrect in saying that we gave an assurance that this compensation would be payable by His Majesty's Government or by the United Nations. We have never given such an assurance, for the simple reason that we have never been in a position to give such an assurance. What we did say was that we would take it up ; and later we did take it up with His Majesty's Government, and it is still under their consideration and under our consideration. It raises very large and intricate problems, with repercussions extending far beyond the immediate sphere of this incident ; and I would say no more at present than that a representation has been made that it is still under consideration and no final decision has yet been arrived at.

THE HON. MR. HOSSAIN IMAM ; Any hope ?

THE HON. SIR SHANTIDAS ASKURAN : Are His Majesty's Government favourably considering the representation ?

THE HON. SIR CYRIL JONES : I can say nothing more than that the matter is under consideration.

THE HON. MR. HOSSAIN IMAM : No hope !

THE HON. SIR CYRIL JONES : Lastly, I would like to say something about the interesting subject of indirect taxation, with particular reference to the Hon. Sir Gopalaswami Ayyangar's point that he agrees that the salt tax cannot be abolished but thinks it should be halved, and to the Hon. Pandit Kunzru's suggestion that if the betel nut duty could be halved, it could and should be abolished. As a background against a further consideration of this subject, I should like to refer again to the point I made in my reply to the general discussion, that in my own view—and I think many reasonable men will agree with me, although I do not say that all who do not agree are not reasonable—there is no question but that the common man derives far more real benefit from economic development which increases his income and raises the general standard of living than from the actual financial results of any such lessening of the burden of indirect taxation as is within the bounds of possibility. And I suggest that any impartial student of the present Budget must acknowledge that it contains much real and immediate, although indirect, advantage to the ordinary people of this country. It has been possible to do this by giving such taxation remissions as will stimulate the revival and the expansion of industry. The *per capita* incidence of indirect taxation on the poor classes is in fact so light that any feasible reduction can hardly be felt by the individual ; whereas the State, which gets these millions upon millions of small individual contributions, can hardly afford to sacrifice revenue on that scale when it is actually contemplating expensive and far-reaching measures of social and economic development. But, in pursuance of his inquiry as to the basis of an acceptable Finance Bill, the Hon. the Finance Member had discussions with leading personalities of the main political parties to see in which ways they would recommend reduction to such limits as were practicable. The two features of any possible steps which he had in mind were, first, a desire to relieve necessities rather than luxuries, and secondly, the practical consideration that such reduction as was made in taxation must be capable of being passed right through to the consumer. Against that background I would like to consider the question of salt. I admit that of all the commodities taxed in this country, the one which best satisfies the first of these two criteria, i.e., necessities rather than luxuries is salt itself. But being at the top of the list in that respect, I submit that it comes at the very bottom of the list in the other respect. For, the ordinary consumer buys his salt in such small quantities that the incidence of this tax, whether it be 12 annas or Rs. 1-4-0 or Rs. 1-9-0, on his daily or weekly domestic expenditure is in fact infinitesimal. Even the total abolition of the tax would hardly reduce the ordinary man's domestic cash expenditure and it follows that the effect of reducing the duty would be imperceptible to the consumer even if it could on practical grounds, be passed on to him. But I suggest that it could not in fact be passed on to him, so that the practical effect to the consumer would be nil, since the consequent reduction in the selling price of salt would be so slight that the only beneficiary of the bounty recommended by my Hon. friend would be the wholesale trader.

THE HON. MR. HOSSAIN IMAM : What would be the incidence *per capita* ?

THE HON. SIR CYRIL JONES : Something like 4 annas per annum if the duty were entirely abolished. But my Hon. friend recognises the impracticability or the undesirability of completely abolishing the duty. A 50 per cent. reduction would give something like 2 annas *per capita* per annum, consisting of a mere fraction of a pie on the individual consumer's weekly purchase, if the traders could pass on that small benefit in fractions of a pie to the average man's daily or weekly purchases. That, Sir, I think strikes at the very basis of the suggestion which, out of the kindness of his heart (and I am perfectly convinced with the very best of motives) my Hon. friend has advocated.

The only other point that I should like to mention in this connection is this, that these matters were considered by leading members of the various Parties, and they were asked whether they would like—I was not present in these negotiations but I visualise they were asked whether they would like—a 5 crore reduction to be utilised in that way or whether they would have a 6 pies post card *plus* reduction in betel nut duty *plus* a cheaper box of matches *plus* cheaper kerosene. As the House knows, the decision taken was that salt should not be touched and concessions should be given in other directions. In those circumstances, Sir, I think it is asking rather much to suggest to the House that the scheme which has proved acceptable to the various parties to those discussions should be upset at this stage, and I would ask the House to uphold the decision which has been taken and to confine the concessions to those which are embodied in the Bill and those others to which I drew attention yesterday, which are to come in the near future outside the Bill as it stands.

Exactly the same considerations apply to the case of betel nuts. Betel nut is a case where the possibility of the benefit being passed on to the consumer is extremely doubtful. It is a sort of marginal case. The Administration feels that a reduction in the betel nut duty cannot be passed on to the consumer : political opinion thinks that it can ; so the Hon. the Finance Member has agreed to test the difference in view by halving the duty and watching the result. If the benefit of that small reduction is in fact passed on to the consumer, then I have no doubt that the reduction will come to stay. But the total withdrawal of that duty means the upsetting of the system of revenue in a way which might cause damage, embarrassment and inconvenience to the future administration, if they decide that revenue increases are necessary for their forward policy for the uplift and well-being of the masses of the country.

I need not say very much, Sir, about the duty on bullion, the object of which has been explained quite clearly. In a nutshell it is to secure the orderly reduction of the price level of bullion with reference to the supply, both by import and from internal supply. I am unable to appreciate the argument that this duty is opposed to the interests of the poorer people since investment in bullion is their traditional form of saving. Sooner or later, some time or other, the internal prices of bullion are bound to approximate to the world level. The present artificial insulation at the Indian market cannot be indefinitely maintained, and it seems to me the path of wisdom to take a step now which will arm us and put us in a position to be able to make that approach to world prices in an orderly manner as and when imports become available. It is no good arguing that imports can best be made by Government at world prices and the Government of India get the profits. On that basis no imports would be forthcoming, the artificial difference in prices would remain until probably Indian prices came down with a crash to the detriment of the then holders of bullion. Under the arrangement now proposed the Government will have a flexible system, the level of duty having been so fixed that an incentive is provided to importers in this country and exporting interests in other countries to get together and direct available supplies of bullion to this country. I have been amazed in the course of my experience with the bullion market to realise the uncanny way private interests have of smelling out the possibility of collecting gold or silver in quarters of the world that I have hardly heard of. Private interests do have these facilities which are denied to the Government, and so long as a reasonable but not excessive incentive to import is given, when imports become possible they will follow ; and as they begin to produce their effect in bringing down prices, so the Government by notification can progressively reduce the import duty and so regulate the whole process in an orderly manner as circumstances permit—

THE HON. RAI BAHADUR S. K. DAS : How to stop smuggling from outside ?

THE HON. SIR CYRIL JONES : That is a big question which I do not think I can touch on now.

The Hon. Pandit Kunzru gave a very interesting pen picture of the general revenue position. With regard to its general features I have practically nothing to say. The one thing I think he overlooked—and it is a very important thing—is that an expansionist policy, as our experience has shown during the war, brings with it its own remedy in the direction of assisting to pay for itself. That has been very apparent during the war, and it stands to reason that as a large Government expenditure programme progresses, the money that goes out is in some form or other bound to return to the Government either in loans or in taxes. In so far as it fails to do so, the obvious remedy for the future is further taxation, such as the imposition of death duties or whatever the ingenuity of the new Government might devise. But I would like to stress once again the point—and it is relevant to the attitude which I shall have to take in respect of the amendment to be moved by my friend Sir Gopalaswami Ayyangar—that you cannot base a big forward development programme on attenuated revenues. If your programme is going to develop social services on anything like the scale recommended by our experts, your programme is going to cost a lot of money. If that programme is not financed by taxation, you can, to a limited extent and for a time face deficits in your Revenue Budget and cover them by borrowing. But if you cannot borrow to the extent required, the only alternative is either to reduce the pace of your development programme or to finance it by inflation, which I would suggest is far more harmful to the interests of the poorer classes than a scheme of indirect taxation, considerably more drastic than obtains at present.

That brings me to the end of my remarks and brings to an end this discussion on the Finance Bill in this House.

THE HON. PANDIT HIRDAY NATH KUNZRU : Will the Hon. Member give us information with regard to the rate of interest on our sterling balances and how they compare with what it was two or three years ago ?

THE HON. SIR CYRIL JONES : The difficulty is that this question raises many issues, all of which are inter-connected and inter-related, and I do not think the present is an appropriate occasion to go into the general problem of the contribution made by H. M. G. and by India towards financing the countering of inflation in this country. It is so complicated that picking out the rate of interest on our sterling borrowings and the rate of interest that we pay on our rupee loans, would give only a partial and inadequate appreciation of the problem as a whole. I would rather not embark on that problem now.

THE HON. PANDIT HIRDAY NATH KUNZRU : What will be the appropriate occasion in the opinion of the Hon. Member for discussion of this subject ?

THE HON. SIR CYRIL JONES : I must leave it to the ingenuity of my friend.

THE HON. PANDIT HIRDAY NATH KUNZRU : The Hon. Member has been silent on the Budget and the Finance Bill. Will he give us a day for discussion ?

THE HON. SIR CYRIL JONES : I am not in a position to say anything now. Had my friend spoken earlier in the debate, or had he given earlier intimation that he desired to raise this question, I might have been able, in condensed and concise phrase, to give some treatment to the matter. It is a difficult question and I am not prepared off-hand on the spur of the moment to deal with it in my reply.

THE HON. PANDIT HIRDAY NATH KUNZRU : In defence of myself, I must say that I referred to this subject in my Budget speech, but the Hon. Member remained silent and I thought he would be prepared to answer questions in his speech now.

THE HON. MR. G. S. MOTILAL : May I inform him that I had raised this point last year. We are not pressing for a definite reply today. All we want is a day for discussion of the subject this session.

THE HON. SIR CYRIL JONES : I repeat that I am not in a position to say anything on that at the present time. I have no authority to do so.

That is all I have to say within the time available to me. I apologise for keeping the House for this length of time and I do make a renewed appeal to this House to pass the Bill which is now before them.

THE HON. MR. G. S. MOTILAL : I want to ask one question. Why the duty on motor spirit will be one-fourth of what it was in the last year and the year before ?

THE HON. SIR CYRIL JONES : I can deal with that question. I had intended to explain it by interjection when the Hon. Member was speaking, but I missed my opportunity. The Hon. Member is looking at the figures under Motor Spirit on page 2, about the 6th or 7th line, the figures being 57 crores, 64 crores 63 crores and 15 crores. I would ask him to read with that the figures of Refunds which are given on page 3, which read—54,92, 61,50, 59,50 and 9,50 lakhs. The net comes to very much the same all the way through, the reason being that these large figures of imports are mainly for the Defence Services and the Refunds are for the rebate on duty in respect of imported petrol which is utilised for the Defence Services. The amount of motor spirit on which duty is paid which enters into civil consumption is the net figures of the gross revenue and the refunds, and there is no substantial diminution.

THE HON. THE PRESIDENT : The motion is :

“That the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April 1946, as passed by the Legislative Assembly, be taken into consideration.”

Question put : the Council divided :

AYES—35

Abdool Suttar, Hon. Mr. Abdool Razak Hajee.	Hutton, Hon. Lt.-Genl. Sir Thomas.
Askuran, Hon. Sir Shantidas.	Jogendra Singh, Hon. Sir.
Asadulla Khan Raisani, Hon. Sardar Bahadur Nawab.	Jones Hon. Sir Cyril.
Ataullah Khan Tarar, Khan Bahadur Hon. Chaudhri.	Karamat Ali, Hon. Khan Bahadur.
Ayyangar, Hon. Sir Gopaldaswami.	Khare, Hon. Dr. N. B.
Buta Singh, Hon. Sir.	Khurshid Ali Khan, Hon. Nawabzada.
Charanjit Singh, Hon. Raja.	Lal, Hon. Mr. Shavax A.
Chettiyar, Hon. Mr. Chidambaram.	Mahomed Usman, Hon. Sir.
Chinoy, Hon. Sir Rahimtoola.	Menon, Hon. Sir Ramunni.
Conran-Smith, Hon. Sir Eric.	Mukherjee, Hon. Sir Satya Charan.
Das, Hon. Mr. M. L.	Padshah Sahib Bahadur, Hon. Saiyed Mohamed.
Devadoss, Hon. Sir David.	Porter, Hon. Mr. A. E.
Dhai, Hon. Mr. S. M.	Prior, Hon. Mr. H. C.
Ghosal, Hon. Sir Jona.	Sobha Singh, Hon. Sardar Bahadur, Sir.
Gibbons, Hon. Mr. J. M. B.	Srivastava, Hon. Sir Jwala Prasad.
Hissamuddin Bahadur, Brig. the Hon. Sir.	Sukthankar, Hon. Mr. Y. N.
Hoesain Imam, Hon. Mr.	Sundaresan, Hon. Mr. N.
	Townend, Hon. Mr. H. D.

NOES—4

Motilal, Hon. Mr. G. S.	Roy Chowdhury, Hon. Mr. Susil Kumar.
Row, Hon. Mr. M. Thirumala.	Surput Singh, Hon. Mr.

The Motion was adopted.

Clause 2 was added to the Bill

THE HON. THE PRESIDENT (to Sir Gopaldaswami Ayyangar) : Do you wish to press your amendment in regard to clause 2 ?

THE HON. SIB N. GOPALASWAMI AYYANGAR (Madras : Non-Muhammadan) : Yes, Sir. I think I have got to say a few things about it.

Mr. President, I beg to move :—

“That in clause 2, for the words ‘one rupee and nine annas’ the words ‘twelve annas’ be substituted.”

A good deal of what I have to say on this amendment was said by me in the course of my speech yesterday. I wish only to refer to two or three points of some significance today, so that, if possible, I may be able to persuade Hon. Members to vote in favour of my amendment.

The Hon. the Principal Secretary for Finance has dealt with this subject and I think so far as arguments go each of us has exhausted what he has to say in favour of his own position but what I wish to stress on this occasion in regard to the observations that fell from my Hon. friend is that, according to the principles that were laid down for enabling the Hon. the Finance Member to agree to certain concessions in indirect taxation, what he said, I think, is sufficient to indicate that the one com

[Sir N. Gokalaswami Ayyangar]

modify the tax on which deserved to be reduced in preference to the tax on any other commodity was salt. I think he conceded that position. He went on to refer to some discussions between the Hon. the Finance Member and the leaders of Parties in the other House, but before I go to that, Sir, I wish to refer to only one little point in connection with the tax on betel nuts. That has been halved and he put forward the proposition that if the whole of it had been abolished it might have meant an upset in administration which it would be difficult to repair in the future when a new Government comes into power. I should have thought that he must have realised fully the weakness of the argument that he advanced.

THE HON. SIR CYRIL JONES : My Hon. friend himself advanced arguments against abolishing the salt tax entirely.

THE HON. SIR N. GOPALASWAMI AYYANGAR : Well, Sir, there is a difference between the salt duty and the duty on betel nuts. The salt duty and the administration in connection with the salt duty have been in existence for over 75 years. The betel nut tax was introduced only the other day and I can well appreciate that a section of the Central Excises Department has been organised for the purpose of assessing and collecting this duty. This vested interest of an administrative staff is probably what will be upset by the abolition of the tax on betel nuts. The tax itself yields only a very petty amount and I think this would have been a most convenient opportunity for abolishing the betel nut tax because the upset would be of very small dimensions indeed. I think, I said in the course of my Budget speech that no tenderness for anybody who discovered this tax and has been organising its levy and collection should stand in the way of its abolition. That is all that I wish to say about the tax on betel nuts.

Coming now to the duty on salt, the Hon. Member referred to discussions between leaders of parties and the Hon. the Finance Member. I wonder whether he implied that the Hon. the Finance Member was prepared for additional reliefs to the tune of about 5 crores only and he thereafter tried to arrive at a bargain with leaders of parties as to how these 5 crores could be distributed amongst the various items of indirect taxation. Let me take it that that was his objective. Now, assuming that that was his objective, I think from the point of view of pure merits it ought to have been both the concern of the Hon. the Finance Member and the concern of the leaders of parties that first preference should have been given to the duty on salt. I do not wish at this stage to suggest that the reliefs that have been given in the other cases should be withdrawn and a single relief transferred to the duty on salt. That is not my position. Those reliefs have been given; they amount to about 5 crores. The relief which I propose in addition will mean an additional dropping of about 4½ crores.

THE HON. MR. G. S. MOTILAL : Not that much. It is less than 4 crores.

THE HON. SIR N. GOPALASWAMI AYYANGAR : I think I gave certain figures—it may be a few lakhs this way or that. At the most it may be 4½ crores. Yesterday I indicated the methods by which this additional relief could be financed without inconveniencing the budgetary arrangements of the Hon. the Finance Member.

Now, Sir, there is one point in this connection which I wish to draw attention to. Towards the close of his reply to the debate on the salt duty in the other House, the Hon. the Finance Member is reported to have said that the revenue from Government controlled salt could be increased by better arrangements for sale and marketing, which would produce nearly as much as the present yield from the tax, but that that, however, would take some time to work out. Well, I think it is not an unreasonable inference from this that he did not absolutely exclude from his contemplation the possibility of abolishing this salt duty altogether if he could make that revenue out of better arrangements for manufacture and sale. If that was so, why should anybody object to a mere reduction now? My own advice to the Hon. the Finance Member is that he went perhaps a bit too far in view of what I had already said as to how I view this salt tax. I do not myself favour its total abolition; I only favour its being placed on a low level during normal times, and its being worked up to a higher level temporarily when emergencies require a little more revenue. Personally I do not attach much value to the idea expressed

by the Hon. the Principal Finance Secretary, namely, that our future development programme is going to be enormously prejudiced by reducing our receipts under sources of this description. The salt tax has, I believe, been making a very small contribution to the public fisc for many years now. I think we have got only the figures for about 12 years here, but I find that it gave about Rs. 8·86 crores in 1933-34. In the 1946-47 budget the gross revenue is put at Rs. 9·30 crores. We have got to remember that in this interval the salt duty has been raised from Rs. 1-4-0 to Rs. 1-9-0. Now, I do not think even the Hon. the Principal Secretary for Finance would contend that this is a source of revenue which can be tapped for raising larger resources for the purpose of sustaining the developmental programme of the Government of India in the future.

As regards the other point that the Hon. the Principal Secretary for Finance mentioned, that the benefit that would accrue to the consumer would be insignificant, I have only two answers to give. The first is that if that was the consideration for denying relief even in the shape of a reduction, the Finance Member should have refused it in the case of betel nuts, post-cards, kerosene and so on. He gave that relief; I believe he gave it out of the kindness of his heart, not as much as, the Principal Secretary for Finance suggested, that I am moving this amendment out of the kindness of my heart. All the same, there was the question of a certain amount of relief being given to people who deserve relief, that is, the poor. What I suggest is that before you give relief to any other people you ought to have given relief to those who consume salt—and therefore to practically every member of the population of this country.

As regards the effects of the reduction of this duty, I find that if the reduction is substantial the benefit should be capable of being passed on to the consumer. I will give only one instance. In the year 1922-23 the salt tax was raised from Rs. 1-4-0 to Rs. 2-8-0, and the consumption fell from 519 lakhs of maunds to 372 lakhs. The next year, that is, in 1923-34, towards the latter part of the year the duty was reduced from Rs. 2-8-0 again to Rs. 1-4-0 and the consumption rose from 372 lakhs of maunds to 555 lakhs. It may be that these figures include a certain amount of carry-over from one year to another, but the general trend of it is fairly significant. Today I believe the consumption is estimated at something like 61 lakhs of maunds. My own feeling is that if you reduce this duty from Rs. 1-9-0 to 12 annas there will be a fillip given to the larger consumption of salt in this country and it will be all to the good.

Now, I suggest Sir, that this relief to the common man, which has been denied to him merely because of some arrangement between the Hon. the Finance Member and the leaders of parties, should be given to him now by this House, because I consider it is a very strong case. When the Hon. Mr. Hossain Imam said in the course of his remarks that the reliefs which we have obtained in this Finance Bill were the best that could be obtained, I was wondering whether there was after all some truth in the allegation of the Congress Party in the other House that there was some pact between the Muslim League Party in that House and the Hon. the Finance Member. The existence of a Pact was denied, but the fact remains that this arrangement was the result of an understanding between the Hon. the Finance Member and those who went into the same lobby with him.

THE HON. SIR CYRIL JONES : If I might interrupt the Hon. Member, the Hon. the Finance Member said that he had put exactly the same proposals to the other side; that there was no discussion solely with those who went into the lobby with him. He gave the same proposition to different parties.

THE HON. SIR N. GOPALASWAMI AYYANGAR : I am perfectly certain that 5 P.M. the Hon. the Finance Member suggested the same things to the Congress Party also. I am not one of those who approve of the Congress Party not having pressed for a reduction of the salt duty. They ought to have done so. That they have not done so is perhaps due to the fact that they thought they would not have the support of the Muslim League Party if they had moved this amendment. That is why I suggested that the understanding of those who went into the lobby with him was that that was the best they could obtain from him.

[Sir N. Gopalswami Ayyangar]

I think I have made out a fairly good case for this reduction and I suggest that this reduction could be made without the slightest inconvenience to the budgetary programme of the Hon. the Finance Member. Sir, I move.

THE HON. MR. G. S. MOTILAL (Bombay : Non-Muhammadan) : Sir, I rise to support the amendment which has been moved by my Hon. friend Sir Gopalswami Ayyangar. He referred to the Congress Party in the other House and said that he did not understand why the Congress Party did not move an amendment for the deletion of this duty altogether. He is opposed only to its complete deletion. He also referred to the Congress Party's silence. I am afraid that on this matter his information is not quite correct. The Congress Party in the other House, I understand, did move an amendment for the deletion of the salt duty altogether. Sir, salt, very much like air and water, is a gift of Nature and it has been held by men who are competent to express an opinion that it is required for the health of the people. The consumption of salt in India is, compared to other countries, inadequate. This has been the subject of a long-standing grievance. It comes down from the days of Dadabhoj Naoroji and Gokhale. Similar arguments were advanced by the Treasury Benches in those days, as they have been advanced today, that the incidence of tax per head comes to 4 annas only. I will ask the Treasury Benches to read the illuminating answers which Mr. Gokhale gave on more than one occasion in the Council of those days. I should like to know how many leading countries there are which have got a similar tax on the manufacture of salt. I am not aware of any country which has got such a duty. I do not propose to take up much of the time of the House. I therefore, with these words, support the amendment. If I had my way, I should ask that the whole of it should go.

THE HON. SIR CYRIL JONES (Finance Secretary) : Sir, I should just like to correct a wrong impression, which the Hon. Sir Gopalswami Ayyangar has, through inadvertence, given the House when he said that I had claimed on my showing that I regarded salt as a fit and proper case for reduction of excise duty. What I said was that there were two important criteria. One was that reduction should be applied to necessities rather than luxuries and the second was that from practical considerations such reduction must be capable of being passed on to the consumer. I had admitted that in the first respect there was a theoretical case for the proposed reduction in the duty on salt. But I followed it up immediately by saying that that was more than washed out by the clear and obvious fact that in the circumstances of the wholesale trade in salt, it would not be a practical proposition for any of that reduction to be passed on to the consumer, and that in all human probability the whole of the 4 annas would merely go into the hands of the whole sale trade. One other argument that has been advanced is that the sum is not after all so very big and that the advancement of development does not stand or fall by it. That may be true in this individual case, but that sort of argument obviously has a limit to it. It is applied unceasingly here, there and everywhere. It is said, the duty on betelnut is small and you can omit $\frac{1}{4}$ of it. Having remitted the one-fourth, it only costs a little to remit half. Having remitted half, it only costs a little more to remit the whole. The duty on salt is small and you can remit or halve it. The case of the 6 pies post card is the same. In every such individual case it is agreed that the financing of the development programme does not depend upon the revenue involved. But there are obviously limits to which that argument can be pressed. The view of the Government is that, in the circumstances of this country, in order to maintain a revenue system on which you can build a programme of development which will be of material benefit to the masses at large, there must be a tax structure which goes right down to the bottom. The population of this country is very broad-based on a low standard of living. Other countries—and this is my reply to the Hon. Mr. Motilal—who have considerably advanced their social services have a very large super-structure of industry which they can tax for the benefit of the country at large. If in the circumstances of this country you try and relieve the poor man of all taxation, you will have such a tenuous basis for your tax structure that you would not be able to support in all probability any material developmental programme, especially one which means material outlay on the social services. It is for this reason that the Hon.

the Finance Member has felt a very considerable measure of responsibility for maintaining the fiscal system in being, to hand it over as a suitable basis for future activities of the Government which will follow the present Executive Council. It is not merely because the arrangement has been agreed to between the Finance Member and the Party Leaders that I oppose this amendment. My first and foremost reason is that it is not calculated to achieve the object asked for, it is likely in actual fact to give no relief whatsoever to the poor man; and the government have already given away revenue in other directions to the limit and feel that the concessions they have made are as far as they can go in the circumstances. Sir I must oppose the amendment.

THE HON. THE PRESIDENT (to the Hon. Sir. N. Gopaldaswami Ayyangar): Do you wish me to put this amendment to the vote of the House?

THE HON. SIR N. GOPALASWAMI AYYANGAR: Yes, Sir.

THE HON. THE PRESIDENT: Amendment moved:

"That in clause 2, for the words 'one rupee and nine annas' the words 'twelve annas' be substituted."

Question put: the Council divided:

AYES—12

Askuran, Hon. Sir Shantidas.
Ayyangar, Hon. Sir N. Gopaldaswami.
Chettiyar, Hon. Mr. Chidambaram.
Das, Hon. Mr. M. L.
Das, Hon. Mr. N. K.
Das, Hon. Rai Bahadur Satyendra Kumar.

Kunzru, Hon. Pandit Hirday Nath.
Mahtha, Hon. Rai Bahadur Sri Narain.
Motilal, Hon. Mr. G. S.
Row, Hon. Mr. Thirumala.
Roy Chowdhury, Hon. Mr. Susil Kumar.
Surput Singh, Hon. Mr.

NOES—25

Abdool Suttar, Hon. Mr. Abdool Razak Hajee.
Assadulla Khan Raisani, Hon. Sardar Bahadur Nawab.
Charanjit Singh, Hon. Raja.
Chinoy, Hon. Sir Rahimtoola.
Conran-Smith, Hon. Sir Eric.
Dhar, Hon. Mr. S. M.
Ghosal, Hon. Sir Josna.
Gibbons, Hon. Mr. J. M. B.
Hissamuddin Bahadur, Brig. the Hon. Sir.
Hutton, Lt.-Genl. Hon. Sir Thomas.
Jogendra Singh, Hon. Sir.
Jones, Hon. Sir Cyril.

Khare, Hon. Dr. N. B.
Khurshid Ali Khan, Hon. Nawabzada.
Lal, Hon. Mr. Shavax A.
Mahomed Usman, Hon. Sir.
Menon, Hon. Sir Ramunni.
Mukherjee, Hon. Sir Satya Charan.
Porter, Hon. Mr. A. E.
Prior, Hon. Mr. H. C.
Sobha Singh, Hon. Sir.
Srivastava, Hon. Sir Jwala Prasad.
Sundaresan, Hon. Mr. N.
Sukthankar, Hon. Mr. Y. N.
Townsend, Hon. Mr. H. D.

The Motion was negatived.

THE HON. MR. G. S. MOTILAL: Sir, I beg to move:

"That sub-clauses (e) and (f) (ii) of clause 6 of the Bill be omitted."

Clause (e) relates to the increase of import duty on silver and clause (f) (ii) relates to the imposition of a new import duty on gold. The reasons given by the Hon. the Finance Member for levying these duties are stated in paragraphs 54 and 55 of his Budget speech. In short, he says that the Indian prices of gold are out of parity with the world prices and this is due to paucity of imports of gold from outside. The reason which he gives for imposing this duty is, to quote his own words, "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." He supplements it further by saying that this rate of Rs. 25 per tola will be varied from time to time by notification under the Sea Customs Act in order to attain in an orderly manner a reasonable measure of approximation to world prices.

The Hon. the Finance Member must have relied upon his supposed credulity of the House and on the thinking section outside this House in advancing this special pleading for imposing this duty on gold and silver. We all know too well that the prices of gold and silver are out of parity with the world prices and the causes are that India has not been able to get gold or silver on account of the circumstances which were in play on account of the war. Now that the war has come to an end, normal

[Mr. G. S. Motilal]

circumstances are likely to return, and with the restoration of normal circumstances normal prices of these metals must also return. The prices of other commodities may vary on account of carrying charges and others, but prices of these precious metals vary and differ very little from the world prices if facilities can be afforded and restrictions are removed by Government for these metals coming into this country. Instead of that, what is proposed to be done is to levy an additional duty as high as that of Rs. 25 per tola. The world price, as admitted and stated by the Finance Member, is in the neighbourhood of Rs. 45 per tola and this duty represents 50 per cent. of price of the article itself. I might also point out that the world price of silver is less than Re. 1 per tola and a specific duty of 8 annas per tola is also half of the price of this metal. By all canons of taxation import duty on precious metals is bad and indefensible. Countries, we know, place an embargo on the export of their treasure and these precious metals, but we have not heard of any country having imposed a duty on the import of these metals. Sir, in this country, so far as the poorer people are concerned, whatever little savings they make they hold them either in silver or in gold and they make ornaments of silver or gold for the members of their family. Any other investment is unknown to them. The circumstances have conspired to deprive them of other investments. Government might as well say, as they have been saying, that they ought to invest that money in the Government securities or in industrial script, but they do not understand and do not know Indian conditions. The Government securities are all expressed in the English language. The man in the village is mostly illiterate. That appalling illiteracy is a standing blot on the Government of this country but take its practical effect. How can he at all feel what his security is? One paper to him is as good as any other paper. He cannot understand the difference between them, but he can feel the inalienability of gold and silver. He can realise and perceive their weight. If he has need of money he can easily raise a loan but can he do that with other things? Does he know where the share market is? Does he know what the price of Government security is? He hardly can understand what the Government security is. Well, there are other classes also, that is the wealthier classes in the country. They invest their savings in Government securities, in industrial script and not so much in gold and silver as in diamonds and pearls and other kinds of jewellery. But if you now impose this burden of another Rs. 25 you put a hand into their pockets and deprive them of their legitimate right to possess gold. Prices have been high for a number of years. Again, for various social purposes in India ornaments of silver and gold are necessary. (*Interruption.*) If my friend does not like to listen, he is at liberty to leave the House.

Now if he has to perform those social duties on marriage or other occasions he has to present certain ornaments to the members of his family, particularly to the daughters, and if he has now to go and purchase it he must pay a higher duty because the fancy of the Finance Member leads him to think that this is the method of regulating the prices of these metals in this country. They are laughed over in all the business circles when they believe that people can accept their statement. If they wanted to raise the prices I can quite understand if the Government said "We want to raise the prices of gold and silver". Then it was a right step to take and to impose a duty, but if you want to bring the prices down to the world level of prices this is exactly what you should not do. If the purpose

THE HON. PANDIT HIRDAY NATH KUNZRU: What will be the quantity of gold coming into India?

THE HON. MR. G. S. MOTILAL: The Finance Member has said that he expects to get about a crore of rupees—and he says that it is a shot in the dark—the people know that for this shot in the dark they will have to pay dearly.

THE HON. SIR CYRIL JONES: Does the Hon. Member really suppose that even if Government knew what gold was coming into the country during the next year, they would broadcast that fact to the Bombay speculators?

THE HON. MR. G. S. MOTILAL: Whether they broadcast it or not, they say something which is not correct. This is what they say that it is a shot in the dark. Well, let them not say that; let them say: "Well, we do not wish to broadcast it."

THE HON. SIR CYRIL JONES : It is true ; we do not know.

THE HON. MR. G. S. MOTILAL : I understood from the interjection that the Hon. Member knew, but did not want to broadcast it.

Then, Sir, as regards those speculators, what have the Government done to stop speculation? Has this measure at all stopped speculation, or has it actually increased speculation? Anyone who knows the conditions will have no hesitation in saying that speculation has been given a fillip by this duty. The prices of these metals have shot up by reason of these duties. It has also given rise to litigation. I received a telegram yesterday that the decision of the High Court had gone in favour of the Board. This measure is not really intended as far as can be seen to bring down the prices. The object seems to be something different. The object is to prevent gold and silver coming into this country so that the Bank of England, which wants to replenish its gold stock, may benefit by it. If that is the object, let the Government tell us so frankly. The same remarks apply to silver.

I do not want to take more time, but there is one point which I cannot miss. Two years ago the Government were selling gold in this country to bring down the prices. The effect of the present measure is obviously the converse of what is stated in the Finance Member's speech. It is therefore necessary that there should be no duty on imports of gold and silver.

THE HON. SIR CYRIL JONES : Sir, half a dozen sentences will suffice to reply to this amendment. First, the laboured way in which the Hon. Mover of this Motion has sought to sustain his case proves its weakness. Secondly the statement that the object of these duties is to prevent gold and silver from coming into the country is a complete canard. Thirdly, there is no justification whatsoever for the assumption which he has made that the natural effect of these duties will be to raise the internal prices of bullion in this country. Fourthly, there is therefore no justification for assuming that these duties are detrimental to the interests of the masses in this country, and therefore, for the reasons which I gave in my reply to the general discussion on the motion for consideration, I must oppose this amendment.

THE HON. MR. G. S. MOTILAL : One word only. Let me make it clear that by varying the duty by notification the Government will only help speculators who have somehow access to the secrets of the Government and who speculate on the basis of it.

The amendment was negatived.

Clauses (e) and (f) of clause 6 were added to the Bill.

THE HON. MR. G. S. MOTILAL : Sir, I move :

" That in Part I-A of the Schedule, in entry No. 1, for the figures ' 1,500 ', the figures ' 3,000 ' be substituted. "

The effect of this amendment is that the exemption limit for taxation is raised from Rs. 1,500 to Rs. 3,000. I am aware of the fact that unless a man's income is Rs. 2,000 he is not taxed. But a man who has an income of Rs. 2,000 begins to be taxed from the level of Rs. 1,500. For years we have been asking for relief for this lower class of income-tax assesses. In England there are various reliefs which they get. Now the prices of necessities of life are so high that what was worth Rs. 1,500 before cannot be had for less than three times that amount. Thus the lower middle class is hit very hard. I have based my calculation on the report on income-tax revenue accounts on which I have been able to lay my hands; if this amendment is accepted, the relief will amount to about Rs. 67 lakhs. I put a question a few days ago, and I was told that it was not worth the trouble and labour to furnish that information. If I had come by this information earlier, I would not have put that question. For the reasons I have stated, I press my amendment.

The amendment was negatived.

Clause 6 was added to the Bill.

Clauses 7 to 13 were added to the Bill.

Schedule I, Part I was added to the Bill.

Schedule I, Part II, was added to the Bill.

Clause I was added to the Bill.

The Title and Preamble were added to the Bill.

THE HON. SIR CYRIL JONES (Finance Secretary) : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

THE HON. MR. SUSIL KUMAR ROY CHOWDHURY (West Bengal : Non-Muhammadan) : Sir, the Finance Member has protested being called a friend of the rich. We do not know whether he is a friend of the rich or a friend of the poor or friend of nobody. What we know is that by a mere stroke of pen he has abolished the E.P.T. altogether with the immediate result that the value of shares of all the big companies have shot up making the rich richer because shares in these companies are not held by the poor people but the rich in large number. Then, Sir, though the war is over for near about a year the Finance Member says there are still 130 controls left. That means there are still 130 sources of corruption left, as control and corruption have now become synonymous, and the Hon. the Finance Member wants us to give supplies to a Government which encourages corruption. Then, Sir, a huge scandal is going on in the Directorate of Disposals behind the screen. We apprehend that we will be told in a few months' time that materials and goods acquired from the U.S. Headquarters in India have all become scraps as they were lying exposed to sun and rain on account of want of storage accommodation. This will surely pave the way for the same goods of British manufacture imported to India at a high cost.

I now come to the point raised by the first speaker on the Finance Bill in this House, the gallant Brigadier about dividing India into Hindu India and Muslim India. I am sure the Hon. Brigadier was not speaking as a representative of the Pathans, for the country and the world would rather take Dr. Khan Sahib or Khan Abdul Gaffar Khan as the representative of the Pathans than the gallant nominated member from the N.W.F.P. who takes pride in calling himself the representative of the Lat Sahib.

I now want to digress a little on politics for politics is in the nostrils of a subject nation and we oppose the Finance Bill on political grounds also. We refuse to give power to impose taxes and the right of expenditure to a Government which is not responsible to the people. I congratulate the Hon. the Finance Member in succeeding to divide the elected members on a communal basis. That has all along been the policy of the British Imperialists in this country. The Finance Member is no exception. That has also been amply proved by the interjections and interpellations by the Hon. the Finance Member in the other House during a discussion following the return of Schedule Caste candidates on Congress tickets and in which the Hon. the Finance Member was the least interested. I am sorry, Sir, the members of my Hon. friend Mr. Hossain Imam's party have this time thrown to the winds all their past profession since 1935 about opposing the Finance Bill emanated from an irresponsible Government. I do not know the reason why. But I suspect it is to gain some political advantages in the hand of the Cabinet Mission in gaining Pakistan. Well, Sir, my friends should know that in spite of their successes in the elections the question of Pakistan is as dead as mutton. The N.W.F.P. has gone against them, Punjab has gone against them, Assam has gone against them and I really do not understand how they can claim Assam in the Pakistan Zone with only 34 % of the populations in the province and by jugglery want to convert minority into a majority. In Sind also their position is not at all hopeful. Now only Bengal remains. But here also there is a story to tell. They are claiming Bengal as a part of Pakistan on the ground of their being a majority on the 1931 and 1941 census. But, Sir, much water has flown in the Bengal rivers since the last census, and I assert with some knowledge, Sir, that if a correct census is taken and I hope it will be taken before the next constitution comes in, and two enumerators, one from each community, are appointed to count the heads of all persons in Bengal including those of women and children, the bubble of Muslims being in a majority in Bengal will prick and the chimera of the Eastern Pakistan will vanish in the air. Sir, I am not saying this without sufficient reasons and the reasons are four in number. Firstly, the Hindu boycotted the census of 1931 and in the last census when the Muslim Government were in power in Bengal, there was manipulation in the census figures. Secondly, during the last Bengal famine in 1943, the deaths among the Muslims were in the proportion of 3 to 1 of the other communities. Thirdly, there has been a large exodus of Muslim population nearly half a million from the Eastern districts of Bengal to Assam and fourthly there has been a large increase in the population in Bengal, a

good majority of whom belong to communities other than Muslim. My friends of the Muslim League will soon find that they are living in a paradise of their own which is far from their goal, Pakistan, and all the support they are now giving to the agents of British Imperialism are wasted and of no use and the Hon. Sir Mahomed Usman, Member of the Council of State, will also be disillusioned very soon.

THE HON. MR. M. L. DAS (Nominated Non-Official): Sir, I had no mind to join today's debate but certain things have been troubling my mind and I don't feel happy without giving expression to these things. That is why I rise at this unusual hour. Whether my friends will have the patience to hear me at the fag end of the day I do not know.

THE HON. THE PRESIDENT: I will allow you only 5 minutes, not more.

THE HON. MR. M. L. DAS: Sir, I am absolutely unfriended here. I belong to the weak kind, also a member who has come by the back door. I have been experiencing here how the loaves and fishes will be distributed under the National Government that is under contemplation. Opportunities to speak are given to the Leaders of groups—only to those who are strong—and those who are weak, are going to be crushed, and they will have no voice. They are not allowed to speak. They cannot give out their mind. That is what I have been experiencing all the time.

Sir, I rise to say certain things at first in connection with the Finance Bill. Last time when I spoke about the Finance Bill, I had to deal with the question of betel nut. It is a tiny little thing. I said that by imposing a tax on this little thing the Government were behaving like a drowning man catching at a straw. That was what I said, if I remember aright.

THE HON. THE PRESIDENT: You have now succeeded.

THE HON. MR. M. L. DAS: That is what I am going to say.

Now, Sir, like a drowning man the Government had to catch the straw and the tiny little thing came to the rescue and the drowning man was saved. The war was won. We were given to understand at that time that this taxation was a temporary war measure. But I find that this year the tax on betel nut is not going to be abolished. The Hon. Finance Member has done his best to effect a reduction in the items which are the essential necessities of the poor people. My friends on the opposite side have dealt at length with the reduction in kerosene and post cards and many other things. To my mind, though the war is over, the vibration is not yet over. The vibration is still ringing in our ears; and that is why I think the Finance Member has not been able to adjust his Budget in the way that would have satisfied all sections of the people in the country. The Hon. the Finance Secretary has explained his position that it was not possible for him at this stage to adjust the Budget to the satisfaction of all sections. Towards the conclusion of his budget speech, the Hon. the Finance Member while presenting the budget has said that he has raised up the financial structure of the country to the best of his ability and that he is going to make over this financial structure to an Indian Finance Member very shortly. Let us hope that our Indian Finance Member will take up the financial structure that has been built up by an Englishman and let us see how the Indian member will work next year under the National Government if there is a National Government. Now, Sir, I would have been very happy if the tax on betelnut had been abolished. I ask the Hon. the Finance Member and the Finance Secretary to see if they can abolish the tax and adjust the Budget accordingly.

My Hon. friends on the other side have said a lot of things with regard to the National Government that is anticipated. All the Members here have said that the Cabinet Mission has come from England to transfer power. I do not call it a Mission. I call it "the architects of the future destiny of India". Their task is to erect the edifice of India's freedom. There are materials here though incompatible but whether they will find materials suitable to build the national edifice is a question to be thought over. Sir, I am an untouchable, a man of the Scheduled caste, I am a temporary accident here in this House. During the last election campaign Pandit Nehru had been to our place before the election. The Scheduled Caste leader at Shillong somehow managed to have an interview with Panditjee.

[Mr. M. L. Das]

The first question that the Scheduled Caste leader asked Panditjee was "Why don't you take Dr. Ambedkar into your fold?" And the answer from Panditjee came. "He is a staunch enemy of Congress; unless and until he tenders an apology we are not going to take him". May I ask the House what sin Dr. Ambedkar has committed? Is it not his duty as the first man of the Scheduled Caste to lift up his people? To all the hon'ble members here he may be an untouchable. He may be an eye sore to you all. But he is our "Scheduled the Great"; we call him so. Now, Sir, however well-meaning an Englishman may be, whatever he does is bad. Whatever Dr. Ambedkar does to uplift his people is bad. The other day in the other House the Hon. the Finance Member said that Rs. 2 lakhs or something like that were allotted to a college at Bombay for the Scheduled Caste. Why should this be grudged? Our boys are not going to be sent overseas this year, because this money has been diverted to that. I found that in the other House Mr. Govind Malavaiya, son of Pandit Malavaiya, admitted that this grant was going to be given to the submerged section of the community. I lay stress on the word "submerged, down-trodden." It reminds me of one thing. I am the first graduate of my place. When I applied for an appointment I was refused. I was told, Sir, that my appointment would be obnoxious to the 99 per cent. of people because of my caste disabilities. Are these not grievances? Now, Sir, that Pandit Malavaiya is having a college at Benares and Government is feeding that college. If my information is correct that college have got 88 lakhs or so as a grant from Government. He does not speak of that. He raised protest to the grant to the submerged community. Now, Sir, I find in the Explanatory Memorandum Rs. 4 lakhs has been allotted to Viswabarati at Santiniketan. There is no protest because that college happens to be founded by a Brahmin, Rabi Tagore. The words "Scheduled Caste" sounds something poisonous to the ears.

Sir there is a lot of talk over the question of nationalism and patriotism and National Government and so on. Sir, I remember there was a certain 6 P.M. English gentleman, by name Mr. Bentinck, who was the Commissioner of my place. Once he was invited to a newly started school to preside over the inaugural meeting, the idea of the conveners being to secure some grant for the School. When he was presiding every one of the speakers was raising him to the skies, saying that he was a very good man, a fine man, that there was nobody on earth like him and at the same time they were black-painting all the English men predecessors who had served before him—so and so was a bad man, was very unpopular with the public, and did not think any thing about the people—but that Mr. Bentinck was so popular, so on and so forth. Mr. Bentinck remained silent throughout but as soon as all the speakers had finished he said "I have not come here to hear black-painting and the evil things of the English people". Saying this he put on his hat and left the meeting.

AN HON. MEMBER: Is it not patriotism?

THE HON. THE PRESIDENT: Will you please finish your speech now?

THE HON. MR. M. L. DAS: Only one word, Sir. Sir, that is patriotism to me. He was the only isolated figure there but on hearing evil being talked of other Englishmen, his predecessors, he felt for those people and he left the place with a curt remark.

Now, Sir, with regard to nationalism I say one thing. Some time ago, a Chinese young man with a bundle of cloth on his shoulder came to our place. He had a very beautiful figure and we could not make out to which religion he belonged. I wanted to know who he was but he knew neither Hindi nor English just a few broken words in English or Hindi. Then I questioned him "What religion you have". He could not reply. There was a picture of Jesus Christ hanging on the wall in our House and I pointing out to it enquired "Do you belong to his religion". He said

nothing. Then I brought down the picture of Lord Buddha. Even then he did not say anything. Then he realised that I was putting a question with regard to his religion. Then he said to me "I am a Mussalman". Then I said "What a Mussalman? Why don't you put on a red cap with a tail on your head". He said "No, no a China cap; not red cap". Now that is nationalism.

Now, Sir, there are trends of talks of unity between Hindus and Muslims. Both are majority communities. Premier Attlee has made the statement that minorities will not be allowed to place their veto on the advance of the majority. It means we will be nowhere. We shall be crushed. We have all along been behaving like worms but we are not going to behave like worms any longer. We won't allow ourselves to be crushed this time.

THE HON. PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, although it is past six o'clock, the speech of my Hon. friend Sir Mahomed Usman compels me to detain the Houses for a while. There was nothing in our proceedings which called for any remarks from him. His intervention was entirely gratuitous and his speech thoroughly irresponsible and mischievous. We have never found him helpful when political questions have been discussed here but he has surpassed himself to day by delivering a speech which is calculated—and I use that word deliberately to sow discord and hatred and to make the task of the Cabinet Delegation impossible. I hear, Sir, that a Member of the Executive Council had the proud privilege of sabotaging the Simla Conference. He quitted his post in June last and my Hon. friend Sir Mahomed Usman, I suppose, aspires to follow in the footsteps of this Member. He has stabbed the Cabinet Delegation and His Excellency the Viceroy in the back.

THE HON. SIR MAHOMED USMAN : How? Will you tell me how?

THE HON. PANDIT HIRDAY NATH KUNZRU : If the Hon. Member after having deliberately delivered a mischievous speech does not know how he has been disloyal to the Viceroy and to the Cabinet Mission nothing that I can say will convince him of the inequity of his conduct.

THE HON. MR. SUSIL KUMAR ROY CHOWDHURY : It is disloyalty to his Hindu colleagues too.

THE HON. PANDIT HIRDAY NATH KUNZRU : Sir, when asked whether the Hon. Member spoke on behalf of the Government or in his individual capacity he said, "You can think whatever you like".

THE HON. THE PRESIDENT : Subsequently, he said that he spoke as a Member of this House.

THE HON. PANDIT HIRDAY NATH KUNZRU : I will come to that. Obviously, he would have liked it to be inferred that he spoke on behalf of the Government. Subsequently, however when pressed for a definite reply he said he was speaking as a member of the Council of State. I have no doubt, however, that the impression that will be created by his speech outside this House will be that he was giving expression to the views of the Government of India. I am absolutely certain that my Hon. friend does not represent the views of the Government of India as a whole. If these were the views of the Government of India the Viceroy could be no party to the negotiations which will be carried on by him and by the Cabinet Delegation jointly with the representatives of the various parties and interests.

Sir, my Hon. friend said that the idea of by-passing the Muslim League must be given up if the Cabinet Mission is to succeed. Probably he wanted to tell us what were the views that he expressed when he and his fellow Members of the Council met the Cabinet Delegation recently. If so, he might have contented himself with meeting his co-religionists in the lobby and telling them of his exploits, but to deliver such a speech here is virtually to try to sabotage the Cabinet Delegation's mission. It is an attempt which ought to be condemned by all right thinking men and which ought to receive the attention of the higher authorities.

Sir, the Prime Minister has made the position of His Majesty's Government perfectly clear. He is anxious to protect the rights of the

[Pandit Hirday Nath Kunzru]

minorities. He wants that they should have their due place in any constitution that is framed. But he is not prepared to give them the right to insist on compliance with any demands that they may put forward and make non-compliance with them a ground for obstructing the progress of the country. He has clearly said that while every effort will be made to protect the minorities no minority will be allowed to place a veto on the progress of the majority. This declaration is a perfectly reasonable one. It does not threaten the just interests of any community. All that it does is to recognise that it is not merely the minorities that have rights, but that the majority too is entitled to claim certain rights by virtue of its position.

Sir, the Secretary of State when the Cabinet Delegation met the representatives of the Press the other day, said, with reference to Lord Linlithgow's declaration which my Hon. friend resurrected in order, I suppose to oppose any efforts that may be made by the Cabinet Delegation to bring about a settlement of the Indian constitutional question, that while the promise which the British Government had given would be observed by them in the spirit, its application would change with the changing times. I have no doubt that no one who casts a glance at the international situation who sees how dangerous the position of this country and with it of the whole of Southern Asia and indeed of the Muslim countries which are to the north-west might become should the power of India to protect its interests and safeguard its integrity be weakened, would deny the force of the observation made by the Secretary of State for India. He and his colleagues are asking us to tread the path of peace and wisdom. They want that the transfer of power should be made with the minimum of disturbance and discord. There is no one here, no right minded man who would disagree with that. Sir, you will, I am sure, bear me out when I say that we in this House have shown considerable restraint in dealing with the political situation, because we recognised that the arrival of the Cabinet Delegation here, whose sincerity I for one do not doubt created a new situation and that it would be a disservice to India and indeed to the whole of Asia to do anything to discredit their efforts or make the success of their mission impossible.

I am sorry Sir, that my Hon. friend Sir Mahomed Usman has indulged in a game which should receive our whole hearted condemnation. He will do no good either to his community or to the Muslim countries in Asia by threatening to place obstacles in the way of the Cabinet Delegation and inciting his coreligionists to create trouble. It has been said more than once in this country that if the British Government were to lose this chance of bringing about better relations between India and Britain it would be irretrievably lost. I myself entirely agree with this view. This is the last chance that the British Government have of winning the goodwill of India and settling the political question in such a way as to establish close and fruitful friendship between the two countries. I trust that they will allow nothing that might happen in this country to deflect them from the course that they have chalked out for themselves. I trust that they will not be discouraged by any efforts that might be made by people who call themselves friends of the British but who on crucial occasions try to do the utmost mischief that they can. I hope Sir, that the warning that I have given them though emanating from a humble man, would not be disregarded either by the British Government or by the Cabinet Delegation and that they will resolutely go forward in order to settle the Indian problem once for all so that both Indo-British relations and the international situation might undergo a striking change for the better.

THE HON. SIR MAHOMED USMAN (Leader of the House): Sir, I am not here to answer the imaginary fears of my Hon. friend. I am second to none in my desire to see that the Cabinet Mission succeeds in its work. We all want that they should succeed. But certain members, including my Hon. friend Mr. Thirumala Row, who spoke yesterday gave vent to their views and presented only one side of the question. All that I said was that there was another side to the question as well. I saw from the papers that a Member of the Executive Council submitted to the Parliamentary delegation a memorandum against Pakistan. Not a word was said against it. Again, I find that the same Hon. gentleman has submitted another memorandum to the present Cabinet Mission attacking Pakistan. Again, not a word was said against it.

THE HON. PANDIT HIRDAY NATH KUNZRU ; The Hon. Member can do the same thing, but he should not behave in the manner he did in this House

THE HON. SIR, MAHOMED USMAN : When I refer to the case of the minorities, I cannot at all understand why there should be this agitation.

I said :—

“ As explained by the Secretary of State, ‘ the issue of freedom and self-determination is settled in principle. We have now to work out the means by which Indians can themselves decide the form of the new institutions with the minimum of disturbance and the maximum of speed ’ ”.

If you want the minimum of disturbance I pointed out that the best thing would be not to ignore Pakistan, or the Muslim League, but to take them into consideration. As far as Pakistan is concerned, what I have said here is this :—

“ The structure of the new constitution, whatever it may be, has to be built on the willing partnership at least of the two great communities—Hindus and Muslims—and that partnership can be in a single union if possible, or in two separate unions, if necessary ”.

What is wrong about it ?

I have also said :—

“ Even after separation these two great communities will have to work in harmony if chaos is to be avoided. Communal harmony, therefore, is a vital necessity for a united or divided India ”.

What is the harm in this ?

I further said :—

“ We are still living in critical times. The Cabinet Mission is here to help us but we have also to help the Cabinet Mission by trying to come to a common agreement between ourselves. ”

What is the harm in this, I ask ? Why should we not come to an agreement among ourselves ?

THE HON. PANDIT HIRDAY NATH KUNZRU : Nobody objects to that.

THE HON. SIR MAHOMED USMAN : Then what is it you object to ?

THE HON. PANDIT HIRDAY NATH KUNZRU : My objection is, as I have said to the implication of the Hon. Member's statement that unless the demands of his community were accepted, nothing could be done.

THE HON. SIR MAHOMED USMAN : I never said that. I said :—

“ The idea of by-passing the Muslim League, which one hears of so often, should be given up if the Mission is to succeed in its task ”.

THE HON. PANDIT HIRDAY NATH KUNZRU : What does that mean ?

THE HON. SIR MAHOMED USMAN : After all, the Muslim League could not be ignored—it is you who want the Muslim League to be ignored.

THE HON. PANDIT HIRDAY NATH KUNZRU : Nobody has ever said that it should be ignored but the Muslim League should not hinder the progress of India.

THE HON. MR. ABDOOL RAZAK HAJEE ABDOOL SATTAR (West Bengal: Muhammadan) : We are not a [minority] community.

THE HON. SIR MAHOMED USMAN : All that I said was—

“ The recent elections have shown beyond any shadow of doubt that the Congress and the Muslim League as representing the two great communities are the only two political parties that count. The future of the country lies in the hands of the two great leaders of the people—Mr. Gandhi and Mr. Jinnah ”.

You want only Mr. Gandhi and not Mr. Jinnah. The name of Mr. Jinnah may be bitter to you. It is not bitter to me.

THE HON. THE PRESIDENT : I am afraid each Party has misunderstood the other. They have not taken each other in the proper spirit.

(At this stage the Hon. Mr. Thirumala Row rose to speak.)

THE HON. THE PRESIDENT : I shall not allow any further debate on this. You have all had your say yesterday.

THE HON. MR. M. THIRUMALA ROW : When my name is dragged into the controversy, you must give me 5 minutes to explain my position.

THE HON. SIB MAHOMED USMAN : I have not yet finished Sir, My Hon. friend said that Great Britain is pledged to the independence of India. Perfectly right. I wanted to point out that they have also pledged to protect the Muslims and the minorities. What is wrong in this, I ask ?

THE HON. PANDIT HIRDAY NATH KUNZRU : Great Britain has given other pledges but it has to make them good.

THE HON. DR. N. B. KHARE (Commonwealth Relations Member) : If Hon. Members speak at the same time we cannot hear anything.

THE HON. MR. M. THIRUMALA ROW : I assure you, Sir, I will not add to the heat of the debate if you allow me five minutes.

THE HON. THE PRESIDENT : I shall not allow Hon. Members to make a debate on this.

THE HON. MR. M. THIRUMALA ROW : In the other House the Finance Bill was debated for 9 days. You simply cut down our time and make us waste our time in holidays.

THE HON. THE PRESIDENT : I am not concerned with the other House.

THE HON. MR. M. THIRUMALA ROW : I am concerned with this important issue at a crucial time.

My name has been dragged into the controversy.

THE HON. THE PRESIDENT : You have said all that yesterday. Though I was not present I found out everything,—what you have said.

THE HON. MR. M. THIRUMALA ROW : Here is a copy of my speech, Sir. There is no occasion for the Leader of the House to bring in my name.

THE HON. THE PRESIDENT : You have had your say in the matter.

THE HON. MR. M. THIRUMALA ROW : Do you put me down from expressing my views on the third reading of the Bill ?

THE HON. THE PRESIDENT : If you wish to speak on the third reading I will certainly allow you half an hour. But this is not your speech on the third reading. You are going into other matters.

THE HON. MR. M. THIRUMALA ROW : I am not going into other matters. You allowed others to go into other matters. My name has been dragged.

THE HON. THE PRESIDENT : I allowed Pandit Kunzru. He said everything that had to be said on the point.

THE HON. MR. M. THIRUMALA ROW : I will not repeat any one of his arguments.

THE HON. THE PRESIDENT : I will not allow the Hon. Member to speak again on the same subject.

THE HON. MR. M. THIRUMALA ROW : The Leader of the House has unnecessarily implicated my name. He said his reply was simply occasioned by my reference to something. Therefore I request you to give me 5 minutes.

THE HON. THE PRESIDENT : I would advise you not to speak again now.

THE HON. MR. M. THIRUMALA ROW : It is not fair to me. I request you again. I assure you that I will not add to the acerbity of the atmosphere. I have made a most reasonable statement with regard to the Muslim League.

(Other Hon. Members rose to speak)

I am on my feet, Sir. My point is this. I have never said that we should by-pass the Muslim League. Here is a copy of my speech. Show me one sentence which either remotely or indirectly or by suggestion says that we should by-pass the League in these negotiations.

THE HON. THE PRESIDENT : I have said that each Party has misunderstood the other Party.

THE HON. MR. M. THIRUMALA ROW : It is a question of public importance. I am speaking on behalf of the Congress here. I must make it clear that there is no question of the one by-passing the other. I have appealed to them. I have said that joint responsibility lies on the shoulders of both the Hindus and the Muslims and every other community, on the shoulders of the leaders of the Congress and of the Muslim League, to see to the achieving of freedom of our country. You may be anxious, but you cannot allay my anxiety in this matter. What I wanted to say is this. The Cabinet Mission has to take note of certain things. The Viceroy has made a statement after the Simla Conference in September 1945 that the situation will be taken into consideration after the elections. That means that people having the backing of the electorate, having the backing of the people at large, will have the authority to present their views before the Cabinet Mission and these views will be accordingly considered. The reason why we want to throw out the Finance Bill is that the present Executive Council consists of people who have been taken from the byways and highways of politics. We have gentlemen with no popular support from any party or group, and such a motley group of *ad hoc* people, with no political affiliation, have been used for their own purpose by this Bureaucracy for the last 5 years and therefore this Executive Council should not enjoy any status before the Commission. I have been noticing from the beginning that whenever the word "Congress" is mentioned here he has been rising and opposing it. He is entitled to his views but I know that certain members are—

THE HON. THE PRESIDENT : You have used very strong language.

THE HON. MR. M. THIRUMALA ROW—*agens provocateur* of the British and they are playing the same game again.

I do not want to reply to the very caustic and ironical remark made by my Hon. friend Sir Cyril Jones that I have enjoyed some oratorical licence. But the economic licence which the British have been enjoying for 150 years is nothing to mine. Rs. 1,500 crores you do not account for. You do not tell us how you are going to give it to us. You show some papers in the Reserve Bank. Don't think I have the privilege of enjoying a little licence in my 800 calories a day. Here are the figures which show that the total food production falls short and that 17 per cent. of the people should go completely starving if the present food production is calculated.

When I say that the average life of an Indian is 24 years, does that mean how I can count 45 and how you are 70? I have robbed the life of so many children that have died before me. That is the average life. I am rather well fed and look pompous under the normal of about 800 calories. We have been robbing the calories of food from the mouths of poverty-stricken people and we are quite happy.

I want to say once more, Sir, that the Congress is opposed to this Finance Bill on principle and I cannot see any principle which the Muslim League has adopted in going to the lobby of the Government.

THE HON. THE PRESIDENT : You have used very objectionable language in telling the Executive Council members that they are from highways and by-ways of politics.

THE HON. MR. M. THIRUMALA ROW : I have only used the expression used by a British newspaper—highways and by-ways of politics.

THE HON. SAYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Sir, my Hon. friend Mr. S. K. Chowdhury referred to some disillusionments—some that had already taken place and some that were yet in store for the Muslim League—and he mentioned prominently the case of the Punjab, which, he said, was the pivot of the Muslim League Pakistan demand; and that in that place, in the very centre of Pakistan, it was a non-League Ministry that has been installed. All that I say is that we do not go by the fact whether the Muslim League is or is not in power in some provinces at present. It is the Governor of the Province who has got to call the Party for forming the Ministry. (*Interruption.*) Let me have my say. I submit, Sir, that the fact that the Muslim League is not in power in any Province is no criterion. The one criterion by which these things have got to be judged is the vote of the electorate and the verdict of the electorate which has been given shows that 95 per cent. are behind the Muslim League and whatever the Muslim League says is the authoritative view of the Muslim nation in India.

[Saiyed Mohamed Padshah]

I was surprised to find that a gentleman like the Hon. Sir Gopalaswami Ayyangar should have made insinuations against the way in which the Muslim League behaved on the Finance Bill. He appeared to insinuate that there was some sort of secret understanding between the Muslim League and the Government. This is nothing better than turning the tables. The Muslim League has always carried on its propaganda and agitation quite openly. It has never done anything subterraneously. It does not do anything secretly to gain an advantage over others. The Muslim League has always stood for fair play and judges things on their merits. Even on the Finance Bill, it took its stand on the merits of the case. The Muslim League thought that its duty was not to let go the chance to get relief to the extent of something like 5½ crores. It was a substantial relief to the people and they thought that they should change their attitude. Another fact is that the Finance Bill had not come to the House in a certified form. One fundamental objection which always determined the conduct of the Muslim League had disappeared also. The war is over. The offer of co-operation of the Muslim League in the War effort on a reasonable and respectable basis on honourable terms did not now stand. Because the Government had refused to accept the offer of the Muslim League to co-operate on reasonable and honourable grounds, the Muslim League did not agree to give its support to the Government in financial measures in recent years. The war is over and the Muslim League would not be now justified in turning down the chance and letting the opportunity of reducing the tax burden slip, because, as I said, the Muslim League is not enamoured only of power. It does not want to grab power. It wants power because it wants to help the masses, and when there was a chance to help the masses, the Muslim League did its duty. It is not the view of the Muslim League to refuse to co-operate in useful activities, to help in the alleviation of suffering of the people in the country. Unlike the Congress, Sir, which had refused to co-operate with the Government in trying to fight famine, the Muslim League offered whole-hearted co-operation. What did the Congress do? The Congress wanted to bargain at the expense of the country. The Congress thought that this was a golden opportunity for them. They said—I mean their conduct on this question made it clear that it is no concern of theirs even if thousands and tens of thousands of people die in the country, all that they want is simply to install themselves in power in the country. That was not really the view of the Muslim League. The Muslim League is actuated by a spirit of real sympathy; it works for the purpose of helping the masses, of alleviating the suffering, and that is why the Muslim League supported the Finance Bill.

My Hon. friend, the Leader of the House, has defended himself quite effectively. He has really vindicated himself thoroughly. It is needless for me or anybody to say anything to defend him. I just want to say one word in respect of the opprobrium and criticism which my Hon. friend Pandit Kunzru hurled at him. In fact the Hon. the Leader deserves appreciation from everybody who has really the good of the country at heart. What would be the effect of any decision which is come to without taking into consideration the effect of it on the country? It is not that a decision should be arrived at at once. We have been without this power for so many years; we can afford to wait for some more time. There is no need for us to hustle. There is no need for us to try and stampede people. We should take care to assure ourselves that a decision is arrived at which will bring peace, tranquillity and harmony in the country. That is the reason, Sir, why the Hon. the Leader of the House wanted to make it perfectly clear that any decision which is come to by the Cabinet should be such as would satisfy all the important elements in the country. If it has got the support of one party, however big that party may be, it will defeat the very purpose for which it is intended. It will be doing a disservice to the Cabinet Mission, to ourselves, to the country, to humanity and to the whole world. Peace and tranquillity is our dire need and we should help the Cabinet Mission to come to a decision which will tend to bring about real harmony and tranquillity in the country.

So, the Hon. the Leader of the House was perfectly justified that if there was to be any constitution which had any chance of success, and which might be expected to be calculated to bring about the desired object, that constitution should be such as would meet the demands, wishes and satisfaction of the important elements

THE HON. THE PRESIDENT: The Motion is :

"That the Finance Bill, as passed by the Legislative Assembly, be passed."

The Question is :

"That this Motion be adopted".

I think the Ayes have it.

THE HON. MR. M. THIRUMALA ROW: The Noes have it.

THE HON. THE PRESIDENT: I think this is a very frivolous demand, now asking for a division. The Hon. Member knows very well the results of the divisions which we have had.

THE HON. MR. M. THIRUMALA ROW: I strongly protest against the use of the word "frivolous", Sir. I consider it unparliamentary.

THE HON. THE PRESIDENT: I am using the word which is used in the Manual of Rules and Regulations that the President should stop and not take notice of a demand for division, if such demand is of a frivolous nature.

THE HON. MR. M. THIRUMALA ROW: On the Third Reading of the Bill we insist that there must be a division before it becomes law. We want it on the records.

Question put : the Council divided :

AYES—30.

Abdool Suttar, Hon. Mr. Abdool Razak Hajee.	Jones, Hon. Sir Cyril.
Assadulla Khan Raisani, Hon. Sardar Bahadur Nawab.	Karamat Ali, Hon. Khan Bahadur.
Ataullah Khan Tarar, Khan Bahadur Hon. Chaudhri.	Khare, Hon. Dr. N. B.
Buta Singh, Hon. Sir.	Khurshid Ali Khan, Hon. Nawabzada.
Charanjit Singh, Hon. Raja.	Lal, Hon. Mr. Shavax A.
Chinoy, Hon. Sir Rahimtoola.	Mahomed Usman, Hon. Sir.
Conran-Smith, Hon. Sir Eric.	Menon, Hon. Sir Ramunni.
Das, Hon. Mr. M. L.	Mukherjee, Hon. Sir Satya Charan.
Devaloss, Hon. Sir David.	Padshah Sahib Bahadur, Hon. Saiyed Mohamed.
Dhar, Hon. Mr. S. M.	Porter, Hon. Mr. A. E.
Ghosal, Hon. Sir Jona.	Prior, Hon. Mr. H. C.
Gibbons, Hon. Mr. J. M. B.	Sobha Singh, Hon. Sir.
Hutton, Lt.-Genl. Hon. Sir Thomas.	Srivastava, Hon. Sir Jwala Prasad.
Jogendra Singh, Hon. Sir.	Sundarosan, Hon. Mr. N.
	Sukthankar, Hon. Mr. Y. N.
	Townend, Hon. Mr. H. D.

NOES—4.

Motilal, Hon. Mr. G. S.	Roy Chowdhury, Hon. Mr. Susil Kumar.
Rao, Hon. Mr. M. Thirumala.	Surput Singh, Hon. Mr.

The Motion was adopted.

The Council then adjourned till Eleven of the Clock on Wednesday, the 3rd April, 1946.