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LETTER DATED 13 DECEMBER 1948 FROM THE REPRESENTATIVE OF INDIA TO THE
PRESIDENT OF THE SECURITY COUNCIL TRANSMITTING A COMMUNICATION ON
THE SITUATION IN HYDERABAD

I am desired by the Prime Minister of India, the Honourable Jawarhalal Nehru, to send you, informally, for your information, the attached brief factual report on the present situation in Hyderabad. This is without prejudice to the question of the competence of the Council, regarding which India's position has been repeatedly made clear.

My Prime Minister is himself going to Hyderabad on 24 December on a brief visit, during which he will meet His Exalted Highness the Nizam, the Military Governor and his Advisers, and representatives of the public, both Hindu and Muslim.

(Signed) G.S. Bajpai

Brief factual report on the existing situation in Hyderabad

Indian troops entered Hyderabad on 18 September. They found people stricken with fear, administration completely disorganized and State finances depleted. Hundreds of thousands of Hyderabad Hindu citizens had sought refuge in neighbouring Indian Provinces having been victims of Razakar terrorist atrocities. Large numbers of Non-Hydrabadi Muslims had been imported. Nearly one hundred thousand of these newcomers were employed in the Army, the Police and in other State services. There were eleven thousand political prisoners in jails. Thousands of illicit imported fire-arms, including high velocity weapons, were in the hands of irresponsible armed irregulars.

2. With the commencement of police action, most of the District Police and Civil Officers who were pro-Razakar deserted their posts, leaving the population to the mercy of unsocial elements. Extremely bad communications were rendered more difficult by heavy rains. It took some time for information to be collected from districts and for Indian police and troops to be spread in an area of eighty-two thousand square miles with a population of eighteen million. During this period there was some disorder, chiefly in the interior. This was caused by Hindus who had suffered at the hands of the Razakars and some of whom had been driven out and were returning and retaliated. Some arson and looting also took place. In Hyderabad City, and in rural areas, stern action was taken against criminals. By 15 October, the situation was under complete control and curfew was lifted. Conditions are now normal and stray incidents which occur represent no more than ordinary crime. Most of the looted property has been recovered and returned. The Military Governor has personally visited sixteen out of seventeen districts with impartial observers and found the situation normal. Vast quantities of unlicensed arms have been collected. H.E.H. The Nizam, in a letter to the Military Governor received yesterday, expresses his surprise at Sir Zafrullah Khan's allegations and says: "The situation is considerably better than it was some months ago and the subjects of my State are living peacefully. There is no doubt that the administration had broken down during the latter part of the last Ministry's regime but at present the Military Government has achieved success not only in restoring but improving the administrative machinery. All shades of opinion in the State feel that the present administration is impartial and efficient. Through the endeavours of the Military Government, my subjects are settling down to normal life". H.E.H. expresses sorrow at Sir Zafrullah Khan's misleading statement to the Security Council.

3. Due to panic, some three thousand Muslims came to Hyderabad from rural areas. Most of them have now returned to their homes. Hindu refugees are

returning to Hyderabad. The rehabilitation of both communities is proceeding apace. Loans amounting to four million rupees are being given for rebuilding of houses, purchase of seed, cattle and agricultural implements. Rupees ten thousand have been given to each District Officer for immediate gratuitous relief.

4. Administration and Services. The Hyderabad Army and Police strength had been more than doubled by the previous regime within one year causing heavy financial drain. These forces are being reduced to normal strength. Almost all old officers are being retained. Action has been taken only against forty six officers for corruption, misappropriation, etc. All these officers have a right of appeal to the Muslim Chairman of the Public Service Commission appointed by the previous Ministry. Twelve out of sixteen Secretariat posts are held by members of the Hyderabad Civil Service. Out of a total of over two thousand gazetted Officers, only two hundred and thirty four are from the Indian Union to replace deserters and those found unsuitable. These will be withdrawn as and when suitable substitutes are available from Hyderabad.

5. Financial position. The State Budget left in deficit by extravagant expenditure on arms and propaganda by the Laik Ali Ministry is now undergoing thorough overhaul. Salient facts in State Finances are: Financial year ending 30 September 1948 closed with a revenue deficit of one hundred and twenty five million rupees. Capital expenditure accounted for further disbursement of one hundred and seventy three million. In a single year there was thus excess of outgoings over incomings of three hundred million. This was financed by borrowing seventy million and by practically exhausting State's liquid resources. Securities and investments fell from seven hundred and thirty seven million at the commencement to five hundred and seventeen million at the close of the year, the bulk of this balance being locked up in unrealisable investments, loans and advances. Endeavours are being now made to put right the finances and to balance the current year's budget.

Revenue from Sarfe-E-Khas - the Nizam's own Jagirs and the Jagir Areas with other feudatory notables respectively constitute a State within a State occupying nearly forty two per cent of the total area of the Hyderabad State. The Nizam alone derives an income of over thirteen million rupees net from these estates. In addition he and his family get a cash privy purse of over seven million rupees from the State.

6. The Nizam is being approached to help rehabilitate the State's precarious financial condition by making over the Sarfe-E-Khas to the State and by agreeing to accept for himself and his family a Civil List of ten million rupees.

7. Restoration of economic life. Procurement and distribution of essential commodities like food, cloth, etc., which had broken down has been reorganized. Transport and communications which had been put out of action by the Nizam's Government on commencement of police action have been restored. 36,314 passengers now travel by State buses daily compared to 11,445 at the beginning and 21,165 before police action. Two hundred wagon loads of consumer goods arrive every day. The Hyderabad Railway is carrying 60,358 passengers and 8,755 tons of goods daily against 35,500 passengers and 1,991 tons of good when the Military Government took over.
8. Constituent Assembly. An Election Commissioner has been appointed and is engaged in preparing electoral rolls on the basis of adult franchise for early election of a Constituent Assembly to decide the future constitution of the State.
9. H.E.H. as Head of the State receives all courtesies and dignities due to his position and all important decisions are taken with his approval. As early as 8 October he issued a "firman" characterizing as mischievous propaganda that he was not a free agent.
10. All Muslim educational and cultural institutions inside and outside the State continue to receive their former grants. The Osmania University receives every encouragement. Nawab Ali Yavar Jung, former Minister of the Nizam, is the Vice-Chancellor. Nawab Zain Yar Jung, another former Minister of the Nizam and lately his Agent-General, Delhi, is a member of the Military Government.
11. A large number of Indian and foreign observers and journalists have visited the State. There are no restrictions of any sort against anybody visiting the State.
