

**THE
COUNCIL OF STATE DEBATES**

VOLUME I, 1932

(25th February to 6th April, 1932)

**THIRD SESSION
OF THE
THIRD COUNCIL OF STATE, 1932**



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Council of State

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THE
COUNCIL OF STATE DEBATES
(OFFICIAL REPORT OF THE THIRD SESSION OF THE THIRD
COUNCIL OF STATE.)

VOLUME I—1932.

COUNCIL OF STATE.

Thursday, 25th February, 1932.

The Council met in the Council Chamber of the Council House in New Delhi at Eleven of the Clock, being the first day of the Third Session of the Third Council of State, pursuant to section 63D (2) of the Government of India Act. The Honourable the President (the Honourable Sir Henry Moncrieff Smith, Kt., C.I.E.) was in the Chair.

MEMBERS SWORN :

- The Honourable Captain Nawab Sir Muhammad Ahmad Said Khan of Chhitari, K.C.I.E., M.B.E. (Education, Health and Lands Member).
The Honourable Mr. Patrick William Murphy (Bihar and Orissa : Nominated Official).
The Honourable Mr. Albert Frederic Lucas Brayne, C.I.E. (Finance Secretary).
The Honourable Mr. Thomas Guthrie Russell (Chief Commissioner of Railways).

DEATH OF SIR MUHAMMAD SHAFI.

THE HONOURABLE SIR BROJENDRA MITTER (Leader of the House) :
Sir, I am sure I am voicing the sentiment of this House when I express our deep sense of loss at the sudden death of Sir Muhammad Shafi. He had been a valued Member of this House and the country has in his death lost one of the outstanding leaders of public opinion in India. At a time, Sir, when the future constitution of India is engaging the attention of all serious minded people, his counsel would have been of the greatest value to India and the Empire. Apart from his public services, Sir Muhammad Shafi was a great gentleman and a warm-hearted friend. Many of us, Sir, in this House feel a

[25TH FEB. 1932.]

[Sir Brojendra Mitter.]

sense of personal loss at his death. Our deepest sympathy goes out to Lady Shafi and the other members of his family and I hope, Sir, you will convey our condolences to them.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : Nominated Non-Official) : Sir, as one who for many years sat in this Council and in the late Imperial Legislative Council with the deceased gentleman I would like to associate myself in the tribute of respect which the Leader of the House has so gracefully paid to Sir Muhammad Shafi this morning. After a brilliant career at the Bar in his own province he rose to eminence and joined the Supreme Legislative Council, the Minto-Morley reformed Council, in 1910 for the first time. After that Sir Muhammad Shafi was a conspicuous and respected Member both of the late Imperial Legislative Council and of the Council of State from 1915 to 1925, first as an Additional Member of the Imperial Legislative Council and then in the capacity of a Member of the Executive Council of the Government of India. During the time that he was an Additional Member of the Council he was known for his thorough good common sense and his conscientious advocacy of many important questions and problems which came up from time to time before this Council. He also made himself most conspicuous by the great popularity which he achieved during his term of office in this Council. In him, I am not using the language of exaggeration, when I say that the country has lost one of its most capable and trusted sons and the Government a trustworthy, reliable and sound adviser. During the time he held office as a Member of the Executive Council he discharged his duties in a manner which not only gave satisfaction to the Government but also to the non-official Members of this Council. His term of office was conspicuous in the establishment, when he was Education Member, of five Universities in this country and his name will always remain identified as the founder of those Universities and an ardent and enthusiastic supporter of education. He was a dutiful son, an affectionate parent, a friendly neighbour, and a true friend, and we all respected and admired him. I therefore associate myself wholeheartedly in the tribute of respect which has fallen from the Leader of this House, and we trust that you, Sir, will convey the sorrowful message of sympathy and condolence of this Council to his good wife and his talented daughter.

THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab : Nominated Non-Official) : Sir, I beg to associate myself with the tribute which has been paid to the memory of the late Sir Muhammad Shafi. Sir Muhammad's was an outstanding personality in the public life of India and his sad and sudden death has created a gap which it will be difficult to fill. He was a very intimate friend of mine ; in fact, he was like a brother to me, and I feel his death as a personal loss.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative) : I found the late Sir Muhammad Shafi in the Imperial Legislative Council when I first came there in 1916 and since then our relations were very friendly. He being a younger man I thought he would have to speak about me and I would go first, but as it has happened, fate has determined otherwise, and I have got to speak about him now. I am very sorry that he has gone away. He was a very useful Member and I agree with everything that has fallen from my Honourable friend Sir Maneckji Dadabhoy. I wish to be associated with this Resolution.

THE HONOURABLE THE PRESIDENT : I desire too to associate myself with what has been said by Honourable Members, because, like those Members who have spoken, I too was in close contact with Sir Muhammad Shafi for many years. Sir Maneckji Dadabhoy referred to the date 1915 and Mr. Khaparde to 1916. In those days I was associated with the old Legislative Council. Later, Sir Muhammad Shafi first took his seat in this Council at the beginning of 1921 and in the same year he became Leader of this House and during the remainder of his term of office as a Member of the Governor General's Executive Council he was the Leader of this House. I shall accede to the request put to me and make it my business to convey to Lady Shafi and the bereaved members of his family an expression of our sympathy and sorrow.

QUESTIONS AND ANSWERS.

CONTROL OF THE MADRAS FISHERIES DEPARTMENT.

1. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state if the Zoological Survey, Government of India, exercised any control over the Madras Fisheries Department ?

THE HONOURABLE CAPTAIN NAWAB SIR MUHAMMAD AHMAD SAID KHAN : No.

RAILWAY CLEARING HOUSE AT DELHI.

2. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (1) Will Government be pleased to make a statement regarding the Railway Clearing House at Delhi ?

(2) Will Government be pleased to lay a statement on the table regarding the cost of the Railway Clearing House giving the list of officers with their salaries ?

(3) Is it a fact that the establishment of this office at Delhi has led to an increase in the work of the different Railway Administrations in India ?

(4) Will Government state when this Clearing House was established ?

(5) Will Government state the advantages that have resulted from the establishment of this Department ?

THE HONOURABLE MR. T. G. RUSSELL : (1), (2) and (5). The Honourable Member is referred to the Memorandum on the Railway Clearing Accounts Office prepared in 1931 by Mr. Sundaram, then Director, a copy of which is available in the Library of the House. The officers at present employed in the Railway Clearing Accounts Office are :—

- (i) One Director, pay Rs. 2,350.
- (ii) One Deputy Director, pay Rs. 1,500.
- (iii) Two Accounts Officers, pay Rs. 1,350 each.
- (iv) Two Assistant Accounts Officers, pay Rs. 710 and 640.
- (v) One Cash and Pay Officer, pay Rs. 425.
- (vi) One Ty. Assistant Accounts Officer, pay Rs. 605.

(3) No.

(4) On 18th December, 1926, as a temporary measure and permanently from 1st April, 1929.

RECRUITMENT TO THE SUPERIOR SERVICES ON STATE AND COMPANY-MANAGED RAILWAYS OF YOUNG INDIANS WHO HAVE RECEIVED TRAINING IN RAILWAY TRAFFIC IN ENGLAND.

3. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: (a) Will Government be pleased to state how many Indian young men with Railway Traffic training in England have been provided for by the State and the Company-managed Railways in the superior services since 1923?
- (b) Will Government be pleased to state how many Indian young men have been taken in through the competitive examination system in different Railways in India since the introduction of competition?
- (c) Will Government be pleased to state whether the Railway Board keep or maintain a panel of the candidates for superior services who have received training in Railway Traffic in England? If so, what is the present number of the candidates in that panel? Since when has the panel been maintained?
- (d) Is it a practice of the Railway Board to forward names of suitable candidates with British training from this panel to different Railways especially to Company-managed ones recommending for appointments? How many of such candidates have been provided for up till now?
- (e) Is it a fact that one Mr. R. C. Gupta, M.A. (Econ.) (Cal.), Grad-Inst Transport (London), who availed himself of traffic training in England in 1923-24 through the recommendation of the then High Commissioner for India in London, has not yet been provided for in Railways in India although he approached the authorities several times?
- (f) Is it a fact that he was granted an interview with the Railway Board Committee in Simla in 1925-26 in connexion with an appointment in the superior services?
- (g) Will Government be pleased to state what was the result of the interview?
- (h) Is it a fact that non-Asiatics having no previous training in Railway Traffic in England or elsewhere are recruited directly in England by the India Office and sent to India?
- (i) What are the regulations for recruitment in India for the superior services in Railways?
- (j) Will Government be pleased to state how many Indians and non-Asiatics have been recruited under rule 5 of the "Regulations for Recruitment for the Transportation (Traffic) and Commercial Department of the Superior Revenue Establishment of State Railways" up till now, since the introduction of the competitive examination?
- (k) Will Government be pleased to state since when the post of "Sports Officer" under the Railway Board was created and what is the annual expenditure incurred under the head "Sports" including the pay of the officer and his staff?
- (l) Do the Company-managed Railways contribute any sum towards the upkeep of this officer and his staff? If so, how much?
- (m) Will Government be pleased to state what authority the Railway Board exercises over the Company-managed lines in matters of their recruitment of officers, since the policy of Indianisation has been adopted by Government?

(n) Will Government be pleased to state which of the Railways in India, both under State and Company-management, have adopted the "Control System" prevailing in British Railways? What is the present scale of pay of a Divisional, District and Assistant Controller? How many Indians, Anglo-Indians and Europeans are serving as Divisional Controller, District Controller and Assistant Controller both in State and Company-managed Railways?

THE HONOURABLE MR. T. G. RUSSELL: (a) None on the State-managed Railways. Government have no information in respect of Company-managed Railways as recruitment is made by them without reference to Government.

(b) Thirty-two persons have been recruited for the Superior Transportation (Traffic) and Commercial Departments of the State-managed Railways through the Public Service Commission on the results of the competitive examinations.

(c) The reply is in the negative. The system of maintaining a register of candidates who received training in England was discontinued in 1926 when recruitment through the Public Service Commission commenced.

(d) The names of candidates who qualify at the competitive examinations held by the Public Service Commission but are not selected for appointment on the State-managed Railways for want of vacancies are circulated to Company-managed Railways.

(e), (f) and (g). Mr. R. C. Gupta was interviewed by the Board along with other candidates in 1925 but was not selected to appear at the competitive examination. His name as well as the names of other candidates with English training were circulated to the Company-managed Railways.

(h) The qualifications required of candidates recruited in the United Kingdom for the Superior Transportation (Traffic) and Commercial Departments of State Railways are:

(a) an Engineering or Science degree of any teaching University in the United Kingdom granted after not less than three years' study in that University or a technical diploma or certificate recognised by the Secretary of State. The degree, diploma or certificate held should include among the subjects taken one or more of the following:

1. Applied Mathematics.
2. Physics with Statics and Dynamics.
3. Mechanics (including strength of materials and theory of structures).
4. Prime Movers or

(b) not less than two years' practical training, as pupil or apprentice, in the Traffic Department of a British or Colonial Railway, following a sound general education, which must have included an element of scientific or engineering study.

(i) Copies of the Regulations for recruitment in India for the superior services on the State-managed Railways are in the Library.

(j) Only two have been recruited—one Hindu with special establishment experience and the other a Muslim with similar experience in labour questions. They were both in Government service at the time of their appointment to the Superior Transportation (Traffic) and Commercial Departments.

(k) The post of Sports Officer which was created in May, 1928 has been held in abeyance from 16th May, 1931, as a measure of economy. Information as to the amount of expenditure incurred in 1930-31 will be obtained and supplied to the Honourable Member.

(l) No contributions were made by Company-managed Railways.

(m) Government exercise no control over the recruitment of individuals but take steps to see that the policy of advancing Indian recruitment up to 75 per cent. of the total vacancies is followed by Company-managed Railways. Paragraph 76 of Volume I of the Report by the Railway Board on Indian Railways for 1930-31 shows the steps taken in the direction of Indianising the superior services on these Railways.

(n) A modified form of the train control system as operating on railways in England has been adopted on certain sections of practically all principal railways in India: the exceptions being the Assam Bengal and Rohilkund and Kumaon Railways. I have called for certain information in regard to the second part of the Honourable Member's question and will communicate with him when it is received, but as regards the third Government regret that they are not prepared to supply figures of communal representation regarding individual offices or classes of establishments.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: May I request the Honourable Member to lay the answer on the table of the House, so that the House may have an opportunity to ask supplementary questions. In the answer he has just delivered he has said that he would communicate the answer to the Member. I would like to have a ruling on the point.

THE HONOURABLE THE PRESIDENT: My attention has already been drawn to this point in regard to certain remarks made in another place a few days ago. I am giving the matter my consideration and I will let the Honourable Member have an answer to the question he has raised shortly.

PROVISION OF FIRST AID BOXES IN TRAINS CARRYING PASSENGERS.

4. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: (i) Will Government be pleased to state if all Mail trains, Express and through Passenger trains in the State and the Company-managed Railways are provided with first aid ambulance baskets fitted up and supplied by the Chief Medical Officers of the respective Railways?

(ii) If the answer is in the affirmative in the cases of the State Railways and negative in the cases of the Company-managed Railways, will Government be pleased to state why the Company-managed Railways have not provided such trains with the first aid ambulance baskets?

THE HONOURABLE MR. T. G. RUSSELL: I am sending the Honourable Member a statement giving the information Government received in 1930 from the State-managed and principal Company-managed Railways showing what they had done, or, were doing, to provide first aid boxes in trains carrying passengers. He will see from it that Company-managed railways have not been remiss in this matter.

ENCOURAGEMENT GIVEN BY STATE AND COMPANY-MANAGED RAILWAYS TO THE RUNNING STAFF, ETC., TO PASS EXAMINATIONS IN FIRST AID.

5. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: Will Government be pleased to state how many of the State and the Company-managed Railways give encouragement to the running staff as well as station masters and the clerical staff to pass examinations in First Aid as held by the St. John Ambulance Association?

THE HONOURABLE MR. T. G. RUSSELL: Normally all Class I Railways, both State and Company-managed, give encouragement to the running staff (among other categories of staff) by bonuses or allowances to pass examinations in First Aid as held by the St. John Ambulance Association, but owing to the present financial stringency, the grant of some of these bonuses or allowances has been temporarily held in abeyance.

INSTALLATION OF RADIO APPLIANCES AT IMPORTANT STATIONS BY THREE RAILWAY ADMINISTRATIONS.

6. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: Will Government be pleased to state in how many Railways in India radio appliances have been installed and with what object in view?

THE HONOURABLE MR. T. G. RUSSELL: Three Railway Administrations are installing radio appliances at important stations to provide telegraphic communication in the event of serious interruption of the ordinary telegraph lines.

ACCIDENTS AT LEVEL CROSSINGS.

7. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: (1) Will Government be pleased to state the number of level crossing disasters and accidents with casualties that took place on Indian Railways, both in State and Company-managed lines during the last five years, i.e., from 1927-31?

(2) Will Government be pleased to state if all the level crossings are interlocked with the signals? If not, why not?

(3) Will Government be pleased to state whether the system of interlocking is now universal on Indian Railways?

(4) Will Government be pleased to state whether the Halsha disaster that took place in 1925 between Goalundo and Sealdah was mainly due to the lack of interlocking of the siding signals and discs or "cross-over" roads with the main line signals? If so, have the authorities taken steps to interlock those safety apparatus since the disaster? If not, why not?

THE HONOURABLE MR. T. G. RUSSELL: (1) I lay on the table a statement giving the information for the last four years. Previously statistics of accidents at level crossings were not compiled separately.

(2) No. In the majority of instances level crossings are at such a distance from signals that interlocking, if practicable at all, could only be made at a prohibitive cost.

(3) No. A number of less important lines are not interlocked.

(4) The accident was due to the engine of a train standing in the yard at Halsha fouling the line on which the mail train involved in the accident was to be received, after all signals had been lowered for the mail train to run.

through the station. Interlocking of the nature referred to by the Honourable Member could not have prevented the engine of the train standing in Halsia Yard from fouling the line on which the mail train was to run through, but mechanical devices have been provided to isolate the line on which trains run through the station from the danger of any rolling stock getting on to it from another line, after signals have been lowered.

Statement showing number of level crossing disasters and accidents.

	1927-28.	1928-29.	1929-30.	1930-31.
Number of accidents	136	120	125	104
Casualties, number of persons killed	19	27	34	24
Casualties, number of persons injured	55	53	49	39

RAILWAY CLEARING HOUSE AT DELHI.

8. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(1) Will Government be pleased to state what the utility of the Railway Clearing House at Delhi is ? With what object was it established and when ? How was the work of the Clearing House carried on before the establishment of this Clearing House ?

(2) Will Government be pleased to state whether the Railway Clearing House at Delhi is run on the lines of the British Railway Clearing House in London ?

(3) Is it a fact that the establishment of the Railway Clearing House has led to the overlapping of work of different Railways in India ?

(4) Will Government be pleased to state if the Railway Retrenchment Committee have enquired anything about the working expenses of the Clearing House at Delhi and if they have made any recommendation for effecting any appreciable economy ?

(5) Will Government be pleased to state if they have recruited any officer for this Clearing House who has had previous experience and training in the work of the Clearing House ?

THE HONOURABLE MR. T. G. RUSSELL : (1), (2) and (4). The Honourable Member is referred to paragraphs 1—10 and 14 of the Memorandum on the Railway Clearing Accounts Office prepared in 1931 by Mr. Sundaram, the then Director, and paragraphs 82—89 of the Report of the Railway Retrenchment Sub-Committee which give the required information. Copies of these are available in the Library of the House.

(3) No.

(5) If I am correct in understanding the Honourable Member to refer to recruitment of officers with experience of the British Railways or other foreign clearing houses, the answer is in the negative.

SEPARATION OF AUDIT AND ACCOUNTS ON RAILWAYS.

9. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(1) Will Government be pleased to state whether the Railway Retrenchment Committee have made any recommendations on the separation of Audit and Accounts in Railways in India ?

(2) Will Government be pleased to state which parts of the recommendations of the Railway Retrenchment Committee on the separation of Audit and Accounts in Railways have up till now been given effect to ?

(3) Is it a fact that unqualified (non-passed) Accountants are still working in the Accounts side of the East Indian Railway ? If so, will Government be pleased to state whether it is the desire of Government to replace them by qualified (passed) Accountants as soon as practicable ?

(4) (a) Will Government be pleased to make a statement as to the nature of the present arrangement of separate Audit and Accounts system that now prevails in all the Railways in India ? (b) Will the present arrangement of separate Audit and Accounts system continue in the East Indian Railway ? (c) If so, how long ?

(5) Is it a fact that some unqualified (non-passed) Accountants have been made permanent in the Accounts Department of the East Indian Railway while there are a large number of qualified (passed) men in the Waiting List on the Audit side of that Railway ? If so, will Government be pleased to state whether the cases of those qualified (passed) men of the Audit side were ever considered while confirming the unqualified men in the Accounts side ?

(6) Is it a fact that owing to the retrenchment policy, a considerable number of qualified (passed) Accountants of the Audit side of the East Indian Railway as well as of other State Railways have been discharged from service ? If so, will Government be pleased to state the exact number of such men ?

(7) (a) Will Government be pleased to state how the Accountants in the Audit and the Accounts Departments of the State Railways are recruited ? (b) Do Government keep a general list of the passed Accountants from which they can draw the necessary supply of men for each department ? (c) Do Government hold any departmental examination for recruiting men in the Audit and the Accounts side of the State Railways ? If so, do Government hold any special examination in Accounts for this purpose ? (d) Are the Accountants in the Audit and the Accounts Departments of the State Railways generally taken in from among the successful candidates who sit for the Departmental Examination ?

THE HONOURABLE MR. T. G. RUSSELL : (1) Yes.

(2) I would refer the Honourable Member to the memorandum showing the action taken by the Railway Board on the recommendations of the Railway Retrenchment Sub-Committee which is being circulated with the Budget papers.

(3) Accountants working on the Accounts side of the East Indian Railway are eligible, under rules for the posts of Accountants, even though they may not have passed examinations. The question of replacing them does not, therefore, arise.

(4) (a) I would refer the Honourable Member to the Resolution of the Assembly in September, 1925, approving the separation of Accounts from Audit on the East Indian Railway.

(b) and (c). The present arrangements are permanent.

(5) A certain number of vacancies in the Accounts Department are reserved for Accountants of the Audit Department. Apart from these vacancies, members of the Audit Department have no claim for confirmation in the Accounts Department, but some have been taken on permanently to the Accounts side.

(6) I understand from the Director of Railway Audit that no discharges of qualified auditors have been made on the Audit side so far.

(7) (a) Both in the Audit and Accounts Departments recruitment is partly direct and partly by promotion from subordinate ranks.

(b) Each department maintains a separate list of its own.

(c) and (d). The reply is in the affirmative.

SELECTION OF DEHRA DUN AS THE LOCATION FOR THE INDIAN SANDHURST.

10. THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : Will Government be pleased to state :

(a) What are the grounds for settling Dehra Dun as the location for the Indian Sandhurst ?

(b) What amount is required to be spent by Government on the erection of new buildings and the acquisition of land in Dehra Dun ?

(c) What is the value of all the military buildings and lands which are at present available in Dehra Dun for the purposes of the proposed College ?

(d) What is the value of military buildings and lands available in Satara for the said purpose ?

(e) What would it cost Government to alter the present building available in Satara in order to make them suitable for the purpose of a Military College ?

(f) Is it a fact that the Military Department are compelled to purchase a large area of land in Dehra Dun for proposed Sandhurst College, and if so, what is the amount ?

(g) Is it possible to get from the Government of Bombay as much land as the Military Department require free of all charges in Satara ?

(h) If the Military Department do not propose to utilise the buildings and properties in Satara for the purpose of a Military College, what do they propose to do with these military buildings ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) As I informed the Council, when speaking in September last on the Honourable Member's Resolution on this subject, a large number of places were considered as possible sites by the Indian Military College Committee and by my Military Council. The merits of each of these places were carefully examined, but throughout the discussions there was a strong feeling in favour of Dehra Dun. The closing of the Railway Staff College at that place has now presented the military authorities with a fine site, and a number of extremely suitable buildings already in the possession of Government and this has finally decided Government to establish the College at Dehra Dun.

(b) 13 acres of additional land will have to be acquired, and some new buildings will be necessary. Estimates for these latter have not yet been prepared.

(c) The value of the buildings and land taken over from the railway authorities is estimated at about 20 lakhs.

(d) The book value of the military buildings at Satara is about 3 lakhs ; the market value is probably much less. The value of the land has not been estimated, but is probably not high.

(e) As the Honourable Member is aware, I personally visited Satara, and inspected the buildings in existence there. After a very careful examination of the question, we came to the conclusion that practically none of the buildings at Satara could be utilized for a permanent Indian Sandhurst ; and if the College were to be located there, we should have to have new buildings throughout.

(f) Only 13 acres are required, in addition to the existing area, which is 156 acres.

(g) No, Sir. The Government of India would, under the Land Transfer Rules which govern transfers of land between the Central and Local Governments, have to pay the Local Government the full value of any land taken over from them.

(h) We propose to sell the buildings in the open market, if they are not required by the Bombay Government. There is no use to which the military authorities could profitably put them.

NUMBER OF POLITICAL OFFENDERS SENT TO GAOL IN EACH PROVINCE FOR THE LAST THREE YEARS, ETC.

11. THE HONOURABLE SHAIKH MUSHIR HOSAIN KIDWAI : 1. Will Government be pleased to state how many political offenders have been sent to gaol in each province for the last three years ? How many of them were Muslims and how many of the female sex ?

2. Will Government state how many political outrages with fatal results have taken place in India during the last year and how many of these were in Bengal and in the North-West Frontier respectively ?

THE HONOURABLE MR. H. W. EMERSON : 1. There is no classification of prisoners as political offenders and I am not therefore able to supply the required information. I lay on the table a statement giving figures of convictions during the civil disobedience movement of 1930-31.

2. During the 12 months ending 31st January, 1932, there were 13 terrorist outrages with fatal results of which 6 were in Bengal, and none in the North-West Frontier Province.

STATEMENT.

Number of persons convicted in connection with the civil disobedience movement of 1930-31 up to the 28th February, 1931.

Province.	No. of convictions.
Madras	4,314
Bombay	11,222
Bengal	12,285
United Provinces	9,378
Punjab	3,777
Burma	Nil
Bihar and Orissa	12,162
Central Provinces	4,093
Assam	1,158
North-West Frontier Province	927
Coorg	9
Delhi	1,173
Total	60,498

TOTAL EXPORT OF GOLD FROM INDIA SINCE THE ABANDONMENT OF THE GOLD STANDARD.

12. THE HONOURABLE SHAIKH MUSHIR HOSAIN KIDWAI: Will Government state what has been the total export of gold from India since the abandonment of the gold standard and what is the normal annual export of gold? How much of the gold exported has gone to England and how much to other foreign countries?

THE HONOURABLE MR. A. F. L. BRAYNE: The Honourable Member is referred to Part V of the Accounts relating to the Sea-borne Trade of British India and to the Indian Trade Journal. I may say that the total value of gold exported since the abandonment of the gold standard is over 49 crores. Figures for the last 30 years will be found in the Controller of the Currency's report. From 1st October to 31st December last for which period only figures are available, the distribution was as follows:

United Kingdom	24.6 crores.
Other countries	10.8 crores.

Practically all the gold originally consigned from India to England has been re-exported to other countries.

TOTAL COST TO THE INDIAN TREASURY OF THE LEE CONCESSIONS.

13. THE HONOURABLE SHAIKH MUSHIR HOSAIN KIDWAI: How much money have the Lee concessions cost the Indian Treasury in respect of pay, pensions and travelling expenses, including visits to Europe, of European officials? How much have they cost each of the provinces? How far have the recommendations of the Lee Commission as regards Indianisation of services been given effect to up to the present date in each province and in the Government of India?

THE HONOURABLE MR. A. F. L. BRAYNE: The total amount of money paid in 1930-31 as a result of the Lee Commission's recommendations amounts to about Rupees one crore for the civil services throughout India, Rs. 25 lakhs for officers on State Railways and Rs. 24 lakhs for the passages of officers of the Indian Army. Of the crore of civil expenditure, about Rs. 25 lakhs are debitable to Central and Rs. 75 lakhs to Provincial estimates. The main items are:—

- (1) Pay and remittance concessions, estimated as not exceeding Rs. 60 lakhs for the civil services and Rs. 18 lakhs on the State Railways. Of the 60 lakhs of civil expenditure, under 20 are debitable to Central estimates and the balance to Provincial. It is impossible to compile figures giving the exact extra cost of the pay and remittance concessions because of the fact that most officers eligible for sterling overseas pay granted in 1924 would otherwise have been eligible for the rupee overseas pay introduced for all the regular services in 1919-20.
- (2) Passage concessions cost for the civil services about Rs. 22 lakhs in 1930-31 (about 16 Provincial and 6 Central), on the State Railways Rs. 8½ lakhs and in the Indian Army Rs. 24 lakhs. These figures are dropping appreciably every year and will continue to do so with further Indianisation.

- (3) Pensionary concessions. The raising of the maximum pension for the uncovenanted services by Rs. 1,000 annually is now estimated to cost Rs. 9 lakhs, of which about 3 are debitable to Central and 6 to Provincial estimates.
- (4) Minor concessions. The cost of (a) the exclusion of site value from the assessed rent of Government residences, (b) the limitation of house rents to 6 per cent. of the capital cost and (c) certain medical facilities granted to officers of non-Asiatic domicile is incapable of accurate assessment but cannot be very large. These rental concessions have now been extended to all officers of the Central Government. The total cost of these minor concessions to Lee Commission officers may be estimated at about 5 or 6 lakhs.

The total cost of the Lee concessions therefore does not exceed Rs. 1½ crores annually, of which approximately half is debitable to Provincial revenues.

As regards the last part of the question I would refer the Honourable Member to the statement showing the progress of Indianisation in the superior civil services which is placed annually in the Library of the House and contains detailed figures in respect of all the superior services.

NUMBER OF PERSONS IN PRISON IN CONNECTION WITH THE KASHMIR AGITATION.

14. THE HONOURABLE SHAIKH MUSHIR HOSAIN KIDWAI: How many persons are in Government prisons because of their having taken part in the Kashmir agitation?

THE HONOURABLE MR. H. W. EMERSON: The number in jail on the 20th February, 1932, was 1,203.

NUMBER OF PERSONS RESIDENT ABROAD IN RECEIPT OF PENSIONS AND COMPASSIONATE ALLOWANCES FROM INDIAN REVENUES.

15. THE HONOURABLE SIR DAVID DEVADOSS: Will Government be pleased to state how many persons who are in receipt of pensions and compassionate allowances from Indian revenues are resident

- (a) in England,
- (b) in the Free State of Ireland,
- (c) in European countries other than those mentioned in (a) and (b),
- (d) in Australia?

THE HONOURABLE MR. A. F. L. BRAYNE: The information has been called for and will be supplied to the Honourable Member on receipt.

PENSIONS AND COMPASSIONATE ALLOWANCES PAID FROM INDIAN REVENUES TO PERSONS NOT RESIDENT IN INDIA.

16. THE HONOURABLE SIR DAVID DEVADOSS: Will Government be pleased to state what amount is paid as pensions and compassionate allowances from Indian revenues to persons not resident in India?

THE HONOURABLE MR. A. F. L. BRAYNE: The information has been called for and will be supplied to the Honourable Member on receipt.

EXPORTS OF OIL CAKE, BONES AND BONE MANURES.

17. THE HONOURABLE SIR DAVID DEVADOSS: Will Government be pleased to state what was the quantity of (a) oil cake, (b) bones and bone manures that was exported from India in the years 1929, 1930, 1931.

THE HONOURABLE MR. J. C. B. DRAKE: The required information for the years 1929 and 1930 is contained in the Accounts relating to the Sea-borne Trade and Navigation of British India for the calendar year 1930, a copy of which is in the Library. A statement giving the information for the year 1931 has also been placed in the Library.

CONTRIBUTIONS BY THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH TO CERTAIN FOREIGN INSTITUTIONS.

18. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (on behalf of the Honourable Rai Bahadur Lala Jagdish Prasad): (a) Is it a fact that the Imperial Council of Agricultural Research has since its inception sanctioned a sum of Rs. 17,96,256 to be distributed as grants to various bodies and institutions?

(b) Is it a fact that these grants include a number of sums to be contributed to the following foreign agricultural institutions:—

	Rs.
(i) International Institute of Agriculture, Rome .	70,000
(ii) Imperial Mycological Institute, London .	40,000
(iii) International Veterinary Bureau, Paris .	24,000
(iv) The Imperial Agricultural Bureau, London	1,45,883

(c) Will Government be pleased to state what advantage, if any, India derives from contributions to the above institutions?

THE HONOURABLE CAPTAIN NAWAB SIR MUHAMMAD AHMAD SAID KHAN: (a) Yes, up to 31st March, 1931, spread over a number of years.

(b) Yes, except that these grants are spread over a period of five to six years and that the rate of subscription to the International Institute of Agriculture, Rome, has been reduced from Rs. 14,000 to Rs. 8,533-5-4 per annum with effect from 1931-32, thus effecting a saving of about Rs. 15,000 over three years.

(c) By contributing to these institutions India obtains information of the greatest value to her research workers in agriculture and its allied sciences and secures the co-operation of research workers in other parts of the world who are engaged in dealing with similar problems. It is with the help of such institutions that the Imperial Council of Agricultural Research is enabled to discharge an important function assigned to it by the Royal Commission on Agriculture in India, i.e., to link agricultural (including veterinary) research in India with agricultural research in other parts of the British Empire and in foreign countries.

APPOINTMENT OF INDIANS AS AGENTS OF CLASS I RAILWAYS.

19. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (on behalf of the Honourable Rai Bahadur Lala Jagdish Prasad): (a) Is it a fact that seven Agents of Class I Railways are retiring this year? If so, will Government kindly give their names?

(b) Have new Agents been appointed to succeed them?

(c) If so, how many of the newly appointed Agents are Indians?

(d) If some new appointments are yet to be made will Government be pleased to state if it intends to appoint Indians to some of these posts?

THE HONOURABLE MR. T. G. RUSSELL: (a) The following six Agents have proceeded or are proceeding on leave preparatory to retirement during 1932. Colonel Walton, Sir Ernest Jackson and Messrs. Pearce, Burn, Wathen and Glascott.

(b) and (c). Only one of these officers has already vacated his post. It has been filled by a European.

(d) The claims of qualified Indians have been considered and in one case Government propose to appoint an Indian to officiate in a short leave vacancy.

MOVING FREE OF COST OF TELEPHONE WIRES IN CONNECTION WITH THE SRI KRISHNA LILA PROCESSION AT MUTTRA.

20. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (on behalf of the Honourable Rai Bahadur Lala Jagdish Prasad): (a) Is it a fact that in connection with the Sri Krishna Lila procession at Muttra (U. P.) the electric and telephone wires used to be cut off free of cost in past years?

(b) Is it a fact that this time in November last the postal authorities refused this privilege unless a sum of Rs. 40 was paid by the organisers of the Sri Krishna Lila?

(c) Is it a fact that on the representation of the President of the local Hindu Sabha and others the District Magistrate of Muttra assured the organisers of the Sri Krishna Lila of his support for getting the sum refunded?

(d) Is it a fact that both the Hindu and Muslim communities respectively of Muttra enjoyed till now the privilege of having the electric and telephone wires cut free of cost on the occasion of taking out their processions?

(e) Has the sum of Rs. 40 been refunded by the postal authorities and do Government intend to let the public of Muttra enjoy in future this privilege free of charge as heretofore?

THE HONOURABLE MR. J. A. SHILLIDY: (a) and (d). Government have no information as to electric wires other than telephone wires, to which my answer is confined. As far as these are concerned it used to be the practice to move free of cost the wires when necessary to enable processions to pass up to March, 1930.

(b) Yes, under certain general orders which had been issued.

(c) Government have no information.

(e) No, but instructions were issued in December, 1931, that pending the result of further investigations regarding the general question of moving lines on the occasion of religious processions, no further recoveries for such measures should be made.

APPOINTMENT OF INCOME-TAX INSPECTOR-ACCOUNTANTS IN BIHAR AND ORISSA.

21. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH:
(a) Is it a fact that an advertisement for 11 posts of Income-tax Inspector-Accountants appeared in the issue of the Bihar and Orissa Gazette of the 9th December last, in which the 12th December was fixed as the last date for receiving applications?

(b) Is it a fact that several Accountantship passed B. A.'s with Mathematics as one of the subjects for their degree examination were rejected, while B. A.'s who had not passed in Accountantship were taken in?

(c) Is it a fact that amongst the candidates finally selected a large majority are domiciled Bengalees though there was no dearth of fully qualified natives of Bihar and Orissa amongst the candidates?

(d) If the answers to (a), (b) and (c) be in the affirmative, what action, if any, do Government propose to take?

THE HONOURABLE MR. A. F. L. BRAYNE: The information is being obtained and will be furnished in due course.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

THE HONOURABLE THE PRESIDENT: I have Messages for the Council from His Excellency the Governor General. The Messages are in the form of the following Orders:—

The first Order:

PANEL OF CHAIRMEN.

"In pursuance of the provisions of sub-section (2) of section 63A of the Government of India Act, I, Freeman, Earl of Willingdon, hereby nominate the following Members of the Council of State to be on the Panel of Chairmen of the said Council of State:

In the first place, the Honourable Sir Philip Henry Browne; in the second place, the Honourable Rai Bahadur Lala Ram Saran Das; in the third place, the Honourable Sardar Bahadur Shiekh Singh Uberoi; and lastly, the Honourable Mr. Ganesh Srikrishna Khaparde.

New Delhi,

The 31st January, 1932.

(Sd.) WILLINGDON,

Viceroy and Governor General."

The second Order:

RAILWAY BUDGET.

"For the purposes of sub-section (1) of section 67A of the Government of India Act and in pursuance of rule 43 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Freeman, Earl of Willingdon, hereby appoint Thursday, the 25th February, for the presentation to the Council of State, and Saturday, the 27th February, for the General Discussion in the Council of State, of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of Railways.

New Delhi,

The 22nd February, 1932.

(Sd.) WILLINGDON,

Viceroy and Governor General."

The third Order:

GENERAL BUDGET.

"For the purpose of sub-section (1) of section 67A of the Government of India Act and in pursuance of rule 43 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Freeman, Earl of Willingdon, hereby appoint Monday, the 7th March, for the presentation to the Council of State, and Friday, the 11th March, for the General Discussion in the Council of State, of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of subjects other than Railways.

New Delhi,

The 22nd February, 1932.

(Sd.) WILLINGDON,

Viceroy and Governor General."

The fourth Order:

"In pursuance of the provisions of sub-section (3) of section 67A of the Government of India Act, I hereby direct that the heads of expenditure specified in that sub-section shall be open to discussion by the Council of State when the Budget is under consideration.

(Sd.) WILLINGDON,

Viceroy and Governor General."

(The Messages were received by the Council standing.)

COMMITTEE ON PETITIONS.

THE HONOURABLE THE PRESIDENT: As the House knows, at the beginning of each Session it is my duty to appoint a Committee on Petitions. I am proposing to make no change on this occasion and the following Honourable Members having kindly consented to serve are appointed as follows:

The Honourable Mr. G. A. Natesan as Chairman of the Committee, and the Honourable Sardar Charanjit Singh, the Honourable Diwan Bahadur G. Narayanaswami Chetty, the Honourable Mr. Ali Baksh Muhammad Hussain and the Honourable Mr. Syed Abdul Hafeez as Members of the Committee.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 3rd, 12th, 17th, 22nd and 24th February, 1932, namely:

- A Bill to amend the Indian Companies (Amendment) Act, 1930, for a certain purpose.
- A Bill to repeal the Employers and Workmen (Disputes) Act, 1860.
- A Bill to amend the Indian Finance (Supplementary and Extending) Act, 1931, for a certain purpose.
- A Bill to extend the operation of the Wheat (Import Duty) Act, 1931.
- A Bill to define and amend the law relating to partnership.
- A Bill to provide for the fostering and development of the wire and wire nail industry in British India.
- A Bill further to amend the law relating to the fostering and development of the bamboo paper industry in British India.

CODE OF CIVIL PROCEDURE (AMENDMENT) BILL.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, I move for leave to introduce a Bill further to amend the Code of Civil Procedure, 1908, for a certain purpose.

Sir, this is a non-contentious measure. Difficulties have been experienced in securing the evidence of witnesses required in foreign courts in civil cases, foreign courts like courts in France and Germany. We have no provision in our Civil Procedure Code for securing such evidence. This Bill provides the procedure on the lines of the procedure which obtains in England. Sir, I need not say anything further at this stage. I move.

The motion was adopted.

THE HONOURABLE SIR BROJENDRA MITTER: Sir, I introduce the Bill.

MOTION FOR THE ELECTION OF FOUR NON-OFFICIAL MEMBERS TO THE STANDING COMMITTEE ON EMIGRATION.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, with your permission I wish to make a slight amendment in the motion by adding the word "non-official" after the figure "4" in the second line.

I move that this Council do proceed to elect, in such manner as the Honourable the President may direct, 4 non-official Members to sit on the Standing Committee on Emigration.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: In accordance with that motion I direct that nominations shall be received up till noon on Saturday, the 27th February.

MOTION FOR THE ELECTION OF THREE MEMBERS TO THE STANDING COMMITTEE ON ROADS.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I move that this Council do proceed to the election for the financial year, 1932-33, in such method as may be approved by the Honourable the President, of three Members to serve on a Standing Committee for Roads which will be appointed by the Governor General in Council and the constitution and functions of which shall be as defined in the Resolution on Road Development as adopted by the Council of State on the 4th March, 1930.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: In regard to that motion I shall later announce the date for nominations and for the election.

THE RAILWAY BUDGET.

THE HONOURABLE MR. T. G. RUSSELL (Chief Commissioner of Railways): Sir, I have again the honour to present a statement of the estimated revenue and expenditure of the Governor General in Council for the coming year in respect of Railways. This is the third time I have performed this duty. There is a very old superstition that the third time is lucky. I am afraid the Council may not consider that the superstition has been entirely fulfilled in this instance, but I trust I shall be able to show that the Railways of India have done their best, in these days of world-wide trade depression and the consequent falling off in traffic, to meet the situation.

2. As in previous years I propose to give a short resumé of the results of the last financial year, 1930-31, broad details of our revised estimates for this year and a forecast of our revenue and expenditure for the year 1932-33, finishing with some account of our capital expenditure during the current financial year and the expenditure proposed for 1932-33, and I will include a brief review of the situation and a short description of certain railway activities which may be of interest to the Council. I shall endeavour to avoid the quotation of great masses of figures, leaving Honourable Members to study the details given in the Memorandum which will be placed in their hands this morning.

3. When we prepared our revised estimates for the year 1930-31 for presentation to the Council in February of last year we estimated that there would be a loss in the working of commercial and strategic lines combined of 5.12 crores. The actual loss was 5.18 crores. To meet this loss and also to pay our contribution to General Revenues it was necessary to withdraw 10.92 crores from the Reserve Fund, leaving a balance of 5.42 crores at the end of the year. I do not think I need enter into details of the reasons for these results. Railways, like all other undertakings which depend on the prosperity of a country for their revenues, have been greatly affected by the general trade depression and have been working very much under capacity. The expenditure from the Depreciation Fund was 11.40 crores, leaving 13.92 crores at the credit of the Fund at the end of the year.

4. Coming to the current year, in framing our estimates of revenue and expenditure a year ago we, after very full consideration of the position, decided that we were on reasonably safe ground in allowing for a slight increase over 1930-31—a year of abnormally low traffic. Unfortunately our hopes have been falsified and our receipts are actually considerably worse than they were in 1930-31. We now estimate these from commercial lines at 86.68 crores against the 101.02 crores allowed for in our estimates. Although we were unduly optimistic in our estimate of receipts we were at the same time unduly pessimistic about our working expenses, and if our anticipations prove correct these should be about 3½ crores, or 3 crores excluding emergency deductions from pay, less than we budgeted for—a no mean achievement on the part of railway administrations.

[Mr. T. G. Russell.]

5. As I have said we now estimate our total receipts at 86.68 crores. Our total charges, that is, working expenses (including depreciation), surplus profits paid to Indian States and Railway Companies, interest and miscellaneous charges, will amount to 94.12 crores, leaving a net deficit of 7.44 crores for commercial lines; and a loss of 2.03 crores for strategic lines brings the total loss to 9.47 crores. The balance in the Reserve Fund at the beginning of the year was 5.42 crores. Of this sum 47 lakhs is invested in securities; which it is not considered advisable to realise at the moment. After utilising 4.95 crores of the free balance in the Reserve Fund we have a deficit of 4.52 crores to make up. It is proposed to make up this deficit by taking a temporary loan from the Depreciation Fund of this amount. Despite this, owing to our curtailed programme of renewals, the Depreciation Fund will be increased by 66 lakhs and will stand at 14.58 crores at the end of the year. As I think I have said on a previous occasion, these estimates are prepared before the results of two of the heaviest traffic months of the year are known, but I am afraid I can hold out no hopes that during these months there will be any substantial improvement. The approximate results which we get week by week show no indication of this. The reasons for this heavy fall in our receipts are not far to seek. Many of the Honourable Members of this Council are connected with business and know far more about the reactions which the world trade depression has had on India than I do. I shall only quote a few figures to illustrate the position. The number of passengers carried this year has shown a decline of over 15 per cent. The total number of passenger miles has fallen by 14.7 per cent.—a sure indication that the people of India at the present moment have no money to spare for railway travelling. As regards goods traffic, the position is the same. Again I shall quote only a few figures. Up to the 2nd of January the Railways loaded eighty-three thousand fewer wagons with coal and coke, a decrease of 10 per cent.; twenty-six thousand and five hundred fewer with oilseeds, a decrease of 15 per cent.; twenty-two thousand five hundred less under cotton, a decrease of 23 per cent.; two hundred and twenty-nine thousand, or a decrease of 13 per cent., of miscellaneous full wagons, as compared with the loading for 1930-31, itself a year of abnormally low traffic.

6. Let me now turn for a moment to working expenses of commercial lines. These we place at 4.72 crores below last year, despite the fact that last year's figures were diminished by an arrear credit adjustment to the extent of 1.66 crores. The actual decrease is, therefore, 6.38 crores, of which about 58 lakhs has been obtained from the emergency deductions from pay which were introduced from January. The balance of 5½ crores represents the result of the endeavours made by the Railways to reduce their working expenses. These results have been obtained despite the fact that Railways have endeavoured to prosecute the activities which were started in the more prosperous years. It has, of course, been necessary to slow down in certain directions but few of our activities have ceased altogether. Railways are like a machine which once having gained momentum can be kept going with the expenditure of very little fuel, whereas the stopping and starting up again requires a large expenditure of power and money. We have continued the progressive standardisation of railway equipment. We have continued our publicity policy, though on a modified scale, and we have not ignored the desire which has been expressed on many occasions by Honourable Members of this Council that the conditions under which our staff work should be improved. It is true that owing to the serious drop in railway earnings it has not been possible to launch fresh schemes

for the improvement of the service conditions of the staff; nevertheless, appreciable progress has been made with the schemes to which I referred last year, namely,

- (i) The introduction of the Hours of Employment Regulations;
- (ii) Acceleration of payments of salaries and allowances;
- (iii) Removal of the legitimate complaints in regard to the raising and recovery of debits;
- (iv) Grant of assistance to Railway employees towards the education of their children;
- (v) Relief of indebtedness; and
- (vi) Introduction of staff benefit funds.

The Hours of Employment Regulations were given statutory force on the North Western and East Indian Railways with effect from 1st April 1931, and though it has been necessary, in view of the present financial outlook and on a consideration of the recommendation of the Railway Retrenchment Sub-Committee, to defer their introduction on the Company-managed Railways and on the Burma Railways, steps have been taken to introduce them on the Great Indian Peninsula and Eastern Bengal Railways with effect from the 1st April of this year.

7. The scheme for speeding up payments of salaries and allowances which was introduced last year on one of the Divisions of the East Indian Railway has been extended to the Howrah Division on the same Railway, while the Eastern Bengal Railway has quite recently introduced a system for the preparation and payment of wage bills so as to ensure that wages are, as a general rule, paid within 7 days of the period to which they relate.

8. The report of the Traffic Officer who was placed on special duty to enquire into the existing procedure on the East Indian Railway with regard to fines and debits imposed on the traffic staff was received in March 1931. After a discussion with a representative committee consisting of officers from all the principal railways in December 1931, orders giving effect to the decisions arrived at as a result of this discussion were issued to the State-managed Railways. The Company-managed Railways at the same time were informed of the orders issued to the State-managed Railways.

9. The Officer of the Education Department placed on special duty to frame an estimate of the cost of introducing new rules for the grant of assistance to railway employees towards the education of their children and to report on certain other outstanding questions, such as the standard of education up to which assistance should be given and other cognate matters, has completed his investigation on the Eastern Bengal Railway and is now carrying out a similar investigation on the East Indian, Great Indian Peninsula and North Western Railways. His final report is expected next month.

10. I mentioned last year that a new fund called "The Lower Paid Staff Loan Fund" had been created on the East Indian Railway with the object of advancing loans at reasonable rates of interest to the lower paid employees. It is now proposed to start a similar fund on the North Western Railway with effect from 1st April 1932.

11. The Staff Benefit Funds to which I also referred last year were introduced on the State-managed Railways from 1st April 1931.

12. The Railway Board have made a preliminary examination of the recommendations of the Royal Commission on Labour in India in so far as

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these affect railways and after discussion with the Agents of the principal railways have come to provisional conclusions on points of lesser importance. Further discussion of the remaining matters which concern railways will take place in April next, after which the final recommendations of the Railway Board will be submitted to the Government of India.

13. I think the Council will expect me to give in some detail the measures which have been taken to meet the situation created by the serious falling off in traffic with consequent reduction in earnings. I have already referred to the results of this year's working. Soon after the commencement of this financial year, I might say even before the commencement of the year, we saw that our anticipations of traffic were not likely to be fulfilled and that it would be necessary to take drastic steps to reduce the gap between receipts and expenditure. This could only be done in two ways, by decreasing our expenditure and increasing our receipts. I shall deal first with the efforts made to decrease expenditure. We have had several discussions with the administrations of our major railways. At these we have emphasised the absolute necessity of cutting down every item of expenditure to the absolute minimum, but at the same time stressing that any steps which were taken must not endanger the safety of the travelling public. An intensive economy campaign was inaugurated on every railway, each railway pooling its ideas with other railways. The result has been, as I have stated, a reduction of 5½ crores without allowing for any of the savings obtained from the temporary reduction in the emoluments of the railway staff. The main sources from which the saving has been obtained are reduction in the consumption of fuel and consumable stores, cutting down maintenance of station buildings and staff quarters to the absolute minimum, cutting down train mileage to absolute essentials, the abolition and holding in abeyance of a large number of superior posts. On State-managed Railways 169 posts have either been abolished or held in abeyance. On Company-managed Railways 24 posts have been abolished and 44 left unfilled. Compensatory allowances and special pay have been reduced or abolished. We feel that in a time of national emergency such as at present, it is quite fair to ask our officers and staff to do additional work without the additional remuneration which they might expect in more prosperous times. A large number of staff have been reduced, either by not filling vacancies or by actual discharges. Finally the emergency deduction in pay, which came into force from 1st January of this year, is expected in a full year to save 2.38 crores.

14. Before leaving this subject I should like to acknowledge our indebtedness to the Railway Sub-Committee of the Retrenchment Advisory Committee. When the Committee started work retrenchment was in full swing and all Railways and the Railway Board continued independent investigations into the possibilities of further economy while the Committee was at work. This, however, did not deter the Sub-Committee who went into the whole question with great thoroughness within the limited time at their disposal. Their recommendations have received our very careful consideration, and from the budget papers, which will be circulated to Honourable Members, it will be seen that in the great majority of cases their recommendations have been adopted with little or slight modification. In some cases it has been found possible to go beyond the recommendations of the Committee. In other cases, of course, it has not been considered advisable to go quite so far. In one very important matter—that of cuts in pay of railway staff—we have, while obtaining a larger reduction, not adopted the method recommended by the Committee, though we have as recommended by them applied the cut to all staff. The

concluding recommendation of the Committee was the appointment of a small Committee, mainly composed of financial and railway experts, to undertake a full enquiry into the detailed working of the various departments of Railway Administrations. Immediately after the report was received the Government of India made every endeavour to obtain suitable personnel for such a Committee with the intention of carrying out the enquiry this cold weather. It is to be regretted that owing to the urgent preoccupations of the leading railway and financial experts in the present very difficult times, the efforts made to get together a suitable Committee were unsuccessful, and it has been necessary to postpone the constitution of the Committee until next year.

15. On more than one occasion the presentation of the Railway Budget has been referred to in another place as the annual meeting of the shareholders of the State Railways of India, and while shareholders look to their Board of Directors for a report showing how their property is being managed Honourable Members, in their capacity as representatives of the general public, are also undoubtedly interested in the charges the public have to pay when using the railway. In a year of falling revenues, when rigid economy and severe measures of retrenchment have been forced on railways, other measures which will have the effect of increasing revenue have also to be considered. Here we come up against two schools of thought; one suggesting reduced rates and fares as providing an incentive to traffic, the other considering an enhancement in rates and fares as being a more satisfactory expedient. When I last addressed this Council, I said that I was in the unhappy position of having to announce that it would be necessary to increase certain of our rates. I, however, gave this House an assurance that any changes we made would be done with due regard to the trade of the country and said that care would be taken not to impose rates which would press too hardly on any particular section of the community. I think we may reasonably claim that this assurance has not been disregarded, in so far that such alterations as have been made in our rates and fares within the last twelve months have been fairly and evenly distributed so as to make their incidence felt as lightly as was possible in the circumstances. Honourable Members are no doubt aware of the enhancements that have been made; and I propose, therefore, to refer only to the more important of these, so as to give this House some idea of the additional revenue, we believe, we will get as a result of the action taken. The increase in passenger fares

12 Noon. on most of the principal railways was estimated to give us about 109 lakhs more in a normal year; on luggage and parcels, the rates were put up by about 15 per cent. giving us increased revenue approximating to 62 lakhs; and in the case of coal we hope to get 60 lakhs by the surcharge of 15 per cent. which had effect from 15th January last. From certain other minor changes which individual railways considered it was possible to make in the scale of terminal charges, in the freight rates on petrol, jaggree, sugar and a few other comparatively unimportant commodities, and by the withdrawal or modification of some concession rates, the additional revenue anticipated approximates in a full year to 105 lakhs. In considering the desirability or otherwise of these enhancements, we have not been unmindful of the obligation that rests on Railways to do nothing that would impede the free movement of traffic, but, on the contrary, to assist whenever an opportunity offers by reducing rates to secure traffic that is not likely otherwise to move. To illustrate this point, I may refer to the substantial reduction in the freight rates on wheat and wheat flour made by the North Western Railway Administration in May last year, when it was found that the parity of wheat prices in India was considerably above the point at which export was possible, and export was desirable in order to reduce the

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large surplus of wheat in the country which tended to keep prices down at a level that was proving unremunerative to the grower. In the event, the reduction made proved of no avail, as world prices slumped substantially and Indian wheat prices continued to be above world parity. Although over 250 thousand tons were carried to Karachi during the period the reduced rates were in operation, export overseas was negligible; and the only practical effect of the reduction was to divert to the sea route for shipment to Indian ports traffic which would normally have been carried by railway at the ordinary rates. On the assumption that the quantity railed into Karachi would have moved to that port in any case, the reduction in railway freights led to a loss of revenue estimated at about sixteen lakhs. Incidentally, this instance seems to indicate that the suggestion that lower freight rates will bring increased revenue for railways must be subject to certain important qualifications, not the least of which is that unless the margin available for a reduction to facilitate movements is substantial, any reduction made is a needless sacrifice of revenue to be deprecated at all times and particularly now when, owing to a world wide depression in trade and other causes, the financial position of railways is not such as to justify experiments in freight reductions. I think also that the general indications are that, taken as a whole, railway rates are not on the high side, and their incidence on the free movement of traffic is not very appreciable. Having said this, I should like to assure Honourable Members that these views are not a prelude to any contemplated action for a further enhancement in rates and fares, although we would be unmindful of our obligations for the solvency of the railway system of this country, if we neglected to take any opportunity that may present itself of adjusting rates and fares to obtain increased revenue either by reductions when these are proved to be necessary or by enhancements where such action appears to be indicated.

16. I have now to assume the role of a prophet and endeavour to make a forecast of our receipts and expenditure for 1932-33. Like most prophets I am skating on very thin ice and am almost certain to fall through the ice and be drowned. It is quite impossible to say whether we have reached the trough of the wave of depression. All we can say is that we are very far off the crest of a wave of prosperity. I do not think it is safe to assume that there will be any increase in the volume of traffic over that of the present financial year, and the only increase which we can expect in our receipts will be from the increases in rates and fares which we have introduced this year. On this assumption we estimate our gross traffic receipts from commercial lines at 86.57 crores as compared with our revised estimate of 85.55 crores for this financial year. In estimating our working expenses we are on slightly safer grounds. We know what railways have already done. We place these at 60.81 crores against 62.69 crores our revised budget estimate for this year. Both these figures include our contribution to the Depreciation Fund. Of this reduction of 188 lakhs we get about 1½ crores from the emergency cut in pay after paying 22 lakhs to the Income-tax Department; so excluding this we expect to bring down our working expenses by another 38 lakhs. Honourable Members may not think this is a very great achievement, but I would explain that the surcharge on coal freights affects our working expenses to the extent of 37 lakhs. This, of course, also appears on the receipt side. Further, 25 lakhs additional has to be found for the Depreciation Fund, and finally increments in pay of staff and staff required on new lines will amount to about half a crore. After allowing for the abnormal gratuity payments this year, we may say that our Budget provides for a decrease of 1½ crores over the reduction on this year's working

of about 6 crores. It may be possible by further economies to increase this figure and we will continue to explore any avenue of economy, but I am sure the Council will realise that indiscriminate economies in working may very well result in a loss in that they may be reflected in a larger reduction in receipts.

17. It remains now for me to give an account of our expenditure under Capital and Depreciation Fund for the current year and to place before the Council our programme for the ensuing year. In presenting the programme of works for 1931-32 I estimated that our total expenditure would amount to 21.70 crores, or allowing for a reduction in stores balances of 2 crores, a net cash expenditure of 19.70 crores. By the exercise of the most rigid economy and cutting down all but absolutely essential works it has been found possible to reduce this figure to 16.60 crores, despite the fact that we have opened or hope to open 406 miles of new railways this financial year. The more important of these are the—

Chittagong-Dohazari	25 miles.
Raipur-Parvatipuram, a section of the Raipur-Vizianagram line thus completing the line from Raipur to Vizianagram	74 miles.
Kalukhali-Bhateapara	53 miles.
Dharwa-Pusad	43 miles.
Sind Left Bank Feeder Railways	120 miles.
Chinnasalem-Vriddhachalam	32 miles.
and the Pollachi-Palghat	33 miles.

18. Our activities in open line works, as was only to be expected, have not been very spectacular; we have concentrated on keeping our track, bridges and rolling stock up to the requisite standard.

19. Our programme for 1932-33 has been still further curtailed and we have only been able to provide 9½ crores, after allowing for a further reduction in stores balances of 1½ crores. An allotment of 101 lakhs will practically complete all new lines under construction, or a total of 173 miles. The remainder will be spent, as was done last year, on essential open line works. None of these are of great magnitude, but I may mention 3 of them—the Gorai Bridge on the Eastern Bengal Railway, the Barakar Bridge on the East Indian Railway and the Betwa Bridge on the Great Indian Peninsula Railway. None of these works, in the interests of safety and also of economy, could be postponed longer. Our expenditure on rolling stock will be limited to 1½ crores.

20. I trust that my review of the situation and the figures which I have placed before the Council will not lead to a spirit of too great pessimism as regards the future of Indian Railways. India, like all other great countries throughout the world, is passing through troublous times and it was not to be expected that the Railways would escape, but I for one feel confident that when better times do return the Railways will be the first to feel the effect. Lessons learnt during this period of economy and retrenchment will bear fruit and lead to all the greater prosperity. The Council may rest assured that the Railways will be in a position to meet all the needs of traffic when this reaches its normal level once again.

21. As is customary, in concluding my Budget speech I wish to bring to the notice of the Council the valuable services which the Agents, officers and staff of all railways throughout India have rendered to the country during the past year; this has been a particularly trying one; not only have the emoluments of the staff been subjected to reduction but their immediate prospects have been seriously affected by the economy campaign, through the abolition

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of many of the higher paid posts, both for officers and subordinates. There are several officers who in normal times might reasonably have expected by now to have reached the administrative ranks with the higher pay these carry, but who have had to be content with the lower ranks and lower pay. Much the same applies to subordinates. Several of the plums of their services have been taken away. No man can face a reduction in his salary and prospects with equanimity, but I think I can safely say that unpalatable as these measures have been, they have been accepted by practically all ranks as inevitable and all are cheerfully carrying out their work as before, with the same keenness in their search for every possible economy and with the same desire to do all in their power to restore prosperity to Indian Railways. I am glad of the opportunity which my presence here gives me of publicly expressing to the Agents and to all those serving under them the gratitude of the Railway Board for their whole-hearted co-operation in what is their and our common aim.

CONGRATULATIONS TO RECIPIENTS OF HONOURS.

THE HONOURABLE THE PRESIDENT: Before I adjourn the Council I am glad of an opportunity to tender my own personal congratulations and I feel sure the congratulations of the Council as a whole to those of our colleagues who since we last met have been the recipients of honours. When I open the Gazette of India on New Year's Day or on the Birthday of His Majesty the King Emperor it is always a source of personal gratification to me to find that honours have been given to Members of this Council and I always regard them as honours not merely to individuals but also to the Council as a whole. My pleasure on the latest occasion was particularly great because I think I am right in saying that since this Council was inaugurated there has never been a larger number of Members of this House appearing as recipients of honours in any particular list. The list is indeed so long that I do not propose to make individual references to the honours. But I would remind the House that our Leader, Sir Brojendra Mitter, and the Honourable Sir John Thompson have been appointed to and promoted in the Order of the Star of India and they are both Knight Commanders of that Order. The Honourable Mr. Shillidy has also been appointed to that Order as a Companion. It is not the practice here as a rule to refer to ex-Members of the Council in the matter of honours but the Honourable Mr. Whitty was with us so very recently that I think the House would also like me to refer to the fact that he too has been appointed Companion of the Most Exalted Order of the Star of India. Sir Philip Browne and Sir David Devadoss have both received the honour of Knighthood at the hands of His Majesty and Mr. B. K. Basu has been appointed a Companion of the Order of the Indian Empire. I tender to all those of our colleagues my most warm congratulations and I know the House associates itself with me in that respect.

While I am on the subject, I think the House will also like me to tender our congratulations to one of our colleagues, the Honourable Sardar Bahadur Shivdev Singh Uberoi, on his appointment to the Council of the Secretary of State for India,—an appointment which he will join shortly after the termination of this Session.

The Council then adjourned till Eleven of the Clock on Saturday, the 27th February, 1932.

COUNCIL OF STATE.

Saturday, 27th February, 1932.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable Sardar Bahadur Shivdev Singh Uberoi, Chairman, in the Chair.

QUESTIONS AND ANSWERS.

RETRENCHMENT ON INDIAN RAILWAYS.

22. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: (i) Will Government be pleased to state the number of persons with their nationalities, so far discharged on all the Railways in India, line by line, State and Company-managed, owing to the policy of retrenchment? Have the Railway Retrenchment Committee made any specific recommendations for effecting economy by discharging men from Workshops, Traffic Departments, Running Staff, Office establishment, etc.?

(ii) Will Government be pleased to state the amount of money so far expended for the Railway Retrenchment Enquiry Committee and how long it will continue?

(iii) Will Government be pleased to state whether the result of the Railway Retrenchment Enquiry Committee is commensurate with the money so far expended for this purpose?

THE HONOURABLE MR. T. G. RUSSELL: (i) As regards the first part, I lay a statement on the table giving the information available. The reply to the second part is in the negative.

(ii) The cost was Rs. 5,165 and the Committee concluded its labours in October, 1931.

(iii) Yes..

Statement showing the number of employees discharged on State and Company-managed Railways as a result of the present economy campaign.

Note.—The period of retrenchment is not the same on all the Railways, but the bulk of the retrenchment was carried out from March to June, 1931, inclusive.

Railway.	Gazetted officers.	Subordinates, inferior servants and workshop labourers.
Eastern Bengal	..	1,463*
East Indian	7	11,695†
Great Indian Peninsula	5	8,739‡
North Western	15	9,253§
Burma	3	1,927
Assam Bengal	..	412
Bengal Nagpur	5	1,620
Bengal and North-Western	..	607
Bombay, Baroda and Central India	4	2,190
Madras and Southern Mahratta	..	1,120
Rohilkund and Kumaon	..	18
South Indian	5	1,458
Total	44	40,502

Information of retrenchment by communities.

*E. B. Railway.	† E. I. Railway.
	From April to June, 1931, the E. I. Railway retrenched
Europeans and Anglo-Indians	24
Hindus	1,147
Muslims	292
Other classes	..
Total	1,463
	Europeans 38
	Anglo-Indians 66
	Hindus 4,638
	Muslims 1,082
	Other classes 87
	Total 5,911

‡G. I. P. Railway.	§N. W. Railway.
From 1st May, 1930 to 30th April, 1931, the G. I. P. Railway retrenched	
Europeans	23
Anglo-Indians	142
Indians	7,792
Total	7,957
	Europeans 2
	Anglo-Indians 22
	Hindus 2,894
	Muslims 5,706
	Others 629
	Total 9,253

PLATFORM NO. 4, BENARES CANTONMENT STATION.

23. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
(i) Will Government be pleased to state when Platform No. 4 of the Benares Cantonment station was constructed ?

(ii) Is it a fact that Platform No. 4 of the Benares Cantonment station has no shed or covering over it ?

(iii) Is it a fact that since the coming of the present European Station Master to the Benares Cantonment station, the entrance of Platform No. 4, wherefrom leaves the Benares Express train for Howrah, is being kept locked up till before ten minutes of her departure from the said platform ?

THE HONOURABLE MR. T. G. RUSSELL : Government are not aware of the exact arrangements at Benares Cantonment station, which are matters for the local railway authorities and could suitably be discussed in the Local Advisory Council of the East Indian Railway ; but they will send a copy of the Honourable Member's question to the Agent of that railway.

RETRENCHMENT OF INDIANS AND BURMANS HOLDING POSTS OF INSPECTORS OF WORKS ON THE BURMA RAILWAYS, ETC.

24. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
(i) Will Government be pleased to state how many Indians and Burmans holding posts of Inspector of Works (I. O. W.) on the Burma Railways were retrenched under the present retrenchment scheme ?

(ii) Will Government be pleased to state whether any fresh appointments have been made in the cadre of Assistant Engineers in the vacancies consequent upon the retrenchment of Indian and Burman Inspectors of Works ? If so, what are the nationalities of the present incumbents ?

(iii) Will Government be pleased to state the number of Indians and Burmans who are holding the posts of Assistant Traffic Superintendents, Assistant Auditors and Assistant Engineers on the Burma Railways ?

THE HONOURABLE MR. T. G. RUSSELL : (i) Government regret that they cannot undertake to collect communal statistics in respect of the retrenchment made in individual offices or classes of establishment.

(ii) No such appointments have been made.

(iii) A statement giving the information is laid on the table.

Statement showing the number of Indians and Burmans holding permanent posts of (1) Assistant Engineers, (2) Assistant Traffic Superintendents and (3) Assistant Accounts Officers on the Burma Railways on the 1st October, 1931.

Assistant Engineers.	Assistant Traffic Superintendents.	Assistant Accounts Officers.	Remarks.
Indians.	Burmans.	Indians.	Burmans.
Indians.	Burmans.	Indians.	Burmans.
3	Nil	2	6
		1	Nil

STATION MASTERS, GUARDS, ETC., ON THE BURMA RAILWAYS.

25. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (i) Will Government be pleased to state whether there is any gradation in the Upper Subordinate Services on the Burma Railways in the cadres of Station Masters, Guards, Traffic Inspectors, Commercial Inspectors and Controllers ? If so, how many Europeans, Anglo-Indians, Indians and Burmans are holding the posts of Station Masters, Guards, Traffic Inspectors, Commercial Inspectors and Controllers in the different grades ?

(ii) What is the scale of pay in the different grades of Station Masters, Guards, Traffic Inspectors, Commercial Inspectors and Controllers on the Burma Railways ?

THE HONOURABLE MR. T. G. RUSSELL : The available information is given in the Burma Railways Classified List of subordinate staff, a copy of which is in the Library.

LEAVE RULES ON THE BURMA RAILWAYS.

26. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state whether there is any difference in the leave rules on the Burma Railways in comparison with other State and Company-managed Railways in India ? If so, what is it ?

THE HONOURABLE MR. T. G. RUSSELL : The new leave rules applicable to State Railway employees make no distinction between the Burma Railways and other State-managed Railways. These rules have also been adopted as the fundamental rules on which Company-managed Railways may frame their own leave rules for future entrants to their service. The leave rules of the late Burma Railway Company, which staff taken over with the railway have the option of retaining, were substantially similar to the leave rules of other Company-managed Railways.

INDIANISATION ON THE BURMA RAILWAYS.

27. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state how far the policy of Indianisation has been carried into effect on the Burma Railways ? Is Indianisation equivalent to Burmanisation ? Do Burmans come under the category of Indians on the Burma Railways ?

THE HONOURABLE MR. T. G. RUSSELL : The recruitment of gazetted officers for State-managed Railways is not made for each individual railway, but for all the State Railways together. Burmans form part of the recruitment of Indians as distinct from the recruitment of Europeans.

TRANSFERS OF ASSISTANT COMMISSIONERS OF INCOME-TAX IN BENGL.

28. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state the reasons why there are no transfers for the Assistant Commissioners of Income-tax in Bengal ?

THE HONOURABLE MR. A. F. L. BRAYNE : No Assistant Commissioner has been transferred in recent years because no necessity for any such transfer has arisen.

DISTRIBUTION OF WORK AMONG THE TWO ASSISTANT COMMISSIONERS OF INCOME-TAX IN CALCUTTA.

29. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Is it a fact that in Calcutta the two Assistant Commissioners of Income-tax are dividing and distributing the work of the various districts under them to suit their own convenience.

THE HONOURABLE MR. A. F. L. BRAYNE : The work of the Assistant Commissioners is distributed by the Commissioner of Income-tax in the exercise of his statutory powers under section 5 of the Indian Income-tax Act. The Assistant Commissioners have no power to distribute their work between themselves.

INCOME-TAX OFFICERS IN CALCUTTA.

30. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Is it a fact that the Income-tax Officers in Calcutta are generally selected for work in different districts by the Assistant Commissioners of Income-tax ? Are the Assistant Commissioners of Income-tax in Calcutta empowered to select the Income-tax Officers ?

THE HONOURABLE MR. A. F. L. BRAYNE : The Assistant Commissioners are not empowered to select Income-tax Officers, nor do they do so.

INCOME-TAX OFFICER IN CHARGE OF DISTRICT 1 (1) IN CALCUTTA.

31. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (i) Is it a fact that in some cases heavy districts in Calcutta have been placed in the hands of junior and comparatively inexperienced Income-tax Officers in preference to old and experienced officers who have held charge of districts independently for years ?

(ii) Is it a fact that District 1 (1) in Calcutta has been placed under an officer who, before being placed in District 1 (1), was placed in charge of a district outside Calcutta for a short time only ?

(iii) Is it a fact that this officer who now holds charge of District 1 (1) in Calcutta is very irregular in attendance and had to go on leave very often and that he is not being replaced by an officer who can carry on work regularly ?

THE HONOURABLE MR. A. F. L. BRAYNE : (i) Income-tax Officers are selected for the charge of the Calcutta Districts with due regard to their capacities. At times, owing to casualties, a junior officer has to be put in charge of a Calcutta District temporarily.

(ii) A junior officer has had to be placed in charge of District 1 (1) owing to the ill-health of the permanent Income-tax Officer, since no other officer could be spared.

(iii) The officer referred to is presumably the permanent Income-tax Officer. I am informed that he is not irregular in attendance. His health having been affected by overwork, a junior officer has unavoidably been appointed to act for him, as I have just stated.

EMPLOYMENT OF TOUTS BY THE COMMISSIONER OF INCOME-TAX, CALCUTTA.

32. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Is it a fact that toutts are employed by the Commissioner of Income-tax, Bengal, in the detection of cases ? Are the toutts paid by Government for such work ?

THE HONOURABLE MR. A. F. L. BRAYNE: Touts are not and never have been employed in such cases.

EMPLOYMENT OF BABU KEDAR NATH UNDER THE PERSONAL ASSISTANT TO THE COMMISSIONER OF INCOME-TAX IN BENGAL.

33. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: (i) Is it a fact that one Babu Kedar Nath was in the service under the present Personal Assistant to the Commissioner of Income-tax in Bengal, when he was doing the special Income-tax Officer's cases and also while he was in charge of District IV?

(ii) Will Government be pleased to state what were the functions of this Babu Kedar Nath and how his services were utilised by Government?

THE HONOURABLE MR. A. F. L. BRAYNE: (i) I am informed that the Personal Assistant to the Commissioner of Income-tax, Bengal, has never dealt with any of the special Income-tax Officer's cases nor was he ever in charge of District IV. He held purely nominal charge of the office of the Special Income-tax Officer for a short time.

(ii) The person referred to has never been in the employment of Government.

CAPITATION CHARGES FOR UNITS OF THE BRITISH ARMY EMPLOYED IN INDIA, ETC.

34. THE HONOURABLE MR. SYED ABDUL HAFEEZ (on behalf of the Honourable Mr. Abu Abdullah Syed Hussain Imam): Will Government state:

- (1) What is the average period of service of a R. A. F. commissioned officer in England and in India?
- (2) What is the average period of service of units of the British Army in India and in England?
- (3) What was the average cost of recruitment and preliminary training of the British Army to the War Office?
- (4) What was the actual number of relieving British Army personnel in the year 1930-31?
- (5) What was the capitation charge demanded by the War Office, and paid by the Government of India in the years 1919 to 1930-31?
- (6) Is it a fact that in the first Legislative Assembly non-officials had condemned the demands of the War Office?
- (7) Is it a fact that the Inchcape Committee had also considered the capitation rate to be high: what was the recommendation of the said Committee, and the Government's decision thereon?
- (8) Is it a fact that the Government of India is now demanding revision of the capitation charge from the year 1924-25 only, and has tactically relinquished the demands for the years 1920 to 1923? Will Government explain the reasons for this decision? Was this done under the orders of the Secretary of State for India?
- (9) When was the Tribunal to settle the question of apportionment of charges between the War and India Offices appointed? Has any non-official Indian been included in it? If not, do Government propose to include one?

(10) How far has the work of the Tribunal proceeded, and when is its report expected?

(11) Will the Tribunal give the non-official Members of the Legislature a chance of giving their opinion?

(12) Will Government lay on the table a detailed statement of the items of expenses on which the Tribunal is to give its decision?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (1) The average duration of the Indian tour of officers of the Royal Air Force is 3 years and 4 months. I am unable to say what portion of their total service is performed in England.

(2) For a cavalry regiment the period of service in India is 5 years, for an artillery unit 10 years, and for an infantry battalion about 18 years.

The Government of India have no information regarding the period of service in England.

(3) I presume the Honourable Member wishes to know the average cost of the recruitment and training of a British soldier sent to India. This amount cannot be exactly ascertained, but the capitation rate, of which I shall give figures in answer to part (5) of this question, is supposed to cover it.

(4) 13,064.

(5) In 1919 the capitation charge was paid at the rate of £11-8-0 per head which had been in force since 1908. For the next two years it was increased to £28-10-0. For the last few years an arbitrary lump sum payment has been made of £1,400,000. On present establishments this works out at approximately £25 per head.

(6) Perhaps the Honourable Member would kindly refer me to the particular proceedings of the first Assembly which he has in mind.

(7) I would refer the Honourable Member to paragraph 50 of the Inchcape Committee's report. The Committee recommended that a fresh settlement should be made. No such settlement has however yet been reached between His Majesty's Government and the Government of India.

(8) to (12) No Tribunal has so far been appointed. The whole matter is under the active consideration of His Majesty's Government in consultation with the Government of India and I am not at present in a position to make any statement.

GENERAL DISCUSSION OF THE RAILWAY BUDGET.

MR. CHAIRMAN (the Honourable Sardar Bahadur Shivdev Singh Uberoi): The Council will now proceed with the discussion of the Budget (Part I)—Railways.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, I rise to open the debate on the Budget of the railway revenue and expenditure of the Governor General in Council for the year 1932-33. This year's Budget, Sir, is a depressing and melancholy document. From a perusal of the speeches of the Honourable the Railway Member in the other House and of the Chief Commissioner for Railways in this House it is perfectly clear that though the immediate prospect is not very hopeful, conditions are not altogether unfavourable and it is believed that the railway

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revenues before long will be in a position to show better prospects. The results of the Budget of this year are such as were fully expected and I do not believe that any Honourable Member is surprised at the sad tale told in this Budget. The year 1930-31, for which final accounts have been presented to this Council, have shown a net deficit of 5 1/8 crores, a figure practically forecasted by the Railway authorities. In that year we had to withdraw 10.92 crores from the Reserve Fund, leaving a very small margin of about 5 1/2 crores in the Reserve. Unfortunately, Sir, this year the trouble is far more terrible. The Railway earnings have shown a loss both on commercial lines as well as on strategic lines—a heavy loss of Rs. 9.47 crores and heroic methods have been adopted to overcome that loss. Practically the Railway Reserve Fund has been totally wiped out and a large sum of money has been taken as a temporary loan from the Depreciation Fund. Sir, the very fact that in 1930-31 and in the current year the railway revenues showed a substantial loss of a little over 22 lakhs is a very disheartening affair, but the circumstances which have been reiterated in the speech of the Chief Commissioner of Railways are very significant. Some measure of our commiseration is due to the Honourable Mr. Russell. His predecessor had from 1922 to 1929 years of plenty and prosperity. They were years of huge surpluses and his predecessor was in a position to appropriate those surpluses for the construction of more important railway lines and a large sum of money for improving the amenities of life of the low paid employees and for other beneficial purposes, while the Honourable Mr. Russell had to face heavy deficits during the last two years. I endorse every word of the compliment which the Honourable the Railway Member has paid to him for keeping cool and calm and showing an undaunted spirit in the administration of the railway finances during the last year. We trust that the next few years of his office will be of a more hopeful and encouraging character and repay him for the close attention and industry which he has devoted in managing the affairs of this country in the matter of Railways. Sir, to me it is a matter of great sorrow that our Reserve Fund has been completely wiped out. On more than one occasion, in this very House, I have emphasised the policy of building up reserves as strongly and rapidly as possible and the method adopted this year has fully justified the policy of building up substantial reserves. These reserves have come to the help and rescue of the country in a moment of severe financial crisis, and I can only say that we hope before long we shall be again in a position to rebuild our lost reserves, if not very rapidly, perhaps in a slow manner. Sir, I remember that about three years ago when the railway reserves stood at the very decent figure of 18 crores, there was a lot of talk elsewhere as well as in this House as to whether some limit should not be put upon the amassing and maintenance of these reserves. But railway finances are of a fleeting character and the railway administration is liable to the similar cycles of rise and fall as any ordinary business concern, and it shows that it would be not only improper but inappropriate ever to think of interfering with the policy of building up and maintenance of reserves. Sir, our Depreciation Fund also has been very considerably reduced. However, there is some satisfaction in knowing that we still hold nearly 14 crores of rupees in this fund and if carefully managed perhaps we shall not have in future much difficulty at any rate in connection with this fund.

Sir, the present position of our finances brings one naturally to inquire what is going to be the future policy of this country in the matter of railway finance. If the present position continues how are we to recover our lost position, how are our earnings to be improved if trade continues as at present at such a low level. I therefore welcome all the measures that have been adopted

by the Honourable the Chief Commissioner for Railways in the matter of economy. As the Honourable Railway Member pointed out, ruthless pruning is necessary and retrenchment of a severe kind is obligatory at the present juncture, and every one will endorse the action which the Honourable the Chief Commissioner has taken in the matter of retrenchment. It is a matter of great satisfaction to find that a large number of superior posts have been abolished and I congratulate the Railway Member and the Honourable Mr. Russell on the foresight they have shown and the courage they have displayed in abolishing or keeping in abeyance a large number of higher appointments, 169 in all. I also welcome their action in dispensing with nearly 36 posts in the construction department. Economy of this nature is entirely necessary to rehabilitate our finances and place them in proper order. I am also glad to know that the Railway Department have withdrawn all special pay and all supplementary allowances and that they have also made large decreases in contingent and miscellaneous expenditure. However, I am sorry to note that there has been a decrease in the case of the publicity expenditure. I always regard the Publicity Department as having great educational value and in many respects it helps the promotion of various interests in this country. I trust that the pruning knife will not be employed rigidly to this Department at any rate. However, reasonable retrenchment in that Department is also necessary and should be made. Sir, large sums of money have been budgeted for repairs and maintenance and for the purchase of stores. In these two departments my opinion is that there is still large scope for making further economies. Repairs and maintenance, every one will admit, are imperative, not only for keeping the machinery in proper order but in the matter of ensuring public safety. But at the same time there is a lot of avoidable leakage in a department like that and I think absolute and strict control and a great amount of supervision is essential. In the matter of stores, too, Sir, I think a careful watch is necessary. Stores are sometimes expended in a manner not actually in accord with requirements. As one having large concerns, I fully know in what way large quantities of stores have been in the past wasted in different departments. Therefore absolute control is necessary there. I am glad to note, Sir, that this year expenditure on capital works has been restricted to the small figure of 101 lakhs only. It is an extremely small figure in comparison with previous years, and this amount is to be spent only in completing lines already under construction. In the seven years from 1923 to 1930 the capital advance to Railways has amounted to the large figure of 214 crores, amounting to an annual expenditure of practically 30 crores of rupees during those years. Sir, a halt is now necessary and I am glad that the railway authorities have seen the necessity of it. In these times of financial crisis it is a great thing only to keep our open lines in working order rather than to attempt expansion of the railway programme. Till better times come capital expenditure should be steadfastly restricted and the existing open lines should be kept in perfect order. Sir, last year the railway authorities very strongly propounded the policy of rating as well as rationing, and I trust that policy will be strictly adhered to in the thin years which are now before us. This question of rating is very important and though it involves expenditure of time and money this periodical rating at reasonable periods is the only way of finding out in what direction the financial position in the matter of the earnings of the railways can be improved. As regards rationing, too, it is a matter of great satisfaction to find that the Agents of various railways will not be allowed to spend the full budgeted amounts but only a limited amount in the first instance while further amounts will only be granted when they are in a position to afford convincing proofs of their requirements. If this policy is also rigidly and

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religiously followed by Agents of different Railways by issuing similar instructions to their subordinate officers, I have no doubt about the future position of the railways in this country.

Sir, this brings me now to the consideration of the question of the methods necessary for the improvement of railway finances. Sir, you will permit me to allude to one important matter. I am perfectly and gravely alive to the fact that the present position of the railway finances is in a great measure due to world-wide causes: at the same time I cannot ignore the fact that India is partly responsible for the present low ebb to which railway finances have fallen. Sir, the agitation which has been going on in this country for the last two years, the political agitation, and Indian business firms having adopted to a certain measure a policy of obstruction has also contributed in some measure to the present financial crisis in this country. Sir, I am taking the opportunity, with your permission, Sir, of not only informing my Honourable colleagues here, but of addressing a larger and wider public of India, and especially of Bombay, and I appeal particularly to Bombay merchants, business people and city people, to adopt a more reasonable, rational and a policy of complete sanity on this occasion. In Bombay trade has been practically ruined. Business houses are open probably for 15 days in a month; exchanges are closed probably for 20 days in a month; business is brought to a standstill by frequent *hartals*. Is that policy likely to produce and restore railway finances to their proper level? This policy reminds me of a person cutting off his nose to spite his enemy. Government does not suffer. It is hardly realised by business people that this policy which they have adopted in Bombay has destroyed all confidence in business affairs and has ruined trade and business and indirectly affected the earnings of the railways in this country. Unless confidence is fully restored, not only in Government but among the people by allowing them full opportunities for carrying on their normal trade, the present state of affairs, I am afraid, will continue, and I do hope that after all the pledges which we have received regarding our fundamental rights and privileges from the Prime Minister and Parliament this insane policy of obstruction of trade all over the country will be abandoned and people will come back to trade and carry on their ordinary avocations in a reasonable spirit.

Sir, the next question is can the railway earnings be increased by a reduction in the scale of wages and salaries? The Honourable the Chief Commissioner has already informed us that only two years ago a small addition to the salaries of low-paid workmen was made and I am not prepared to recommend any scheme to take away from these low-paid employees of railways the small increment in their earnings which they have earned and which they richly deserve. I also understand that a large cut has been made in the salaries of people drawing higher salaries and wages; but the full effect of the benefit has not been perceived this year: I believe next year we shall have something like 2½ crores of rupees saved by the enforcement of this policy of retrenchment.

As regards rates and fares, I do not wish to add anything to what has been so luminously stated both by the Railway Member and the Honourable Mr. Russell in their respective speeches. I do not think that by increasing rates and fares just now in the present critical period when all our agricultural crops are at a low level of prices and also when the crops are poor any substantial benefit will be obtained. However, the Honourable the Railway Member has promised that when a full investigation is made if the fares and rates can be safely raised, the Railway Administration will reconsider the question.

Sir, this brings me also to the consideration of an important question, whether the present contribution made by the railways to the general revenues should be kept or whether there should be some change made in that policy. Honourable Members are aware that under the separation convention the railways have to contribute to general revenues 1 per cent. on the capital charge with certain minor variations and that contribution amounts in ordinary years to between 5¼ to 5½ crores. Sir, it is a matter for consideration whether in the present state of the financial position of the railways such a contribution made obligatory under the separation convention should be necessarily kept up. It raises an important and a vital question I am prepared to admit, but the question will have to be considered at some stage. It is true that large sums of money are spent on our railways and there should be a certain amount of return, apart from the railway expenditure, to the general revenues and I quite admit that the contribution is necessary as a measure of relief to general taxation. But, Sir, I am also of opinion at the same time and I feel that I cannot draw any distinction between the Posts and Telegraphs Departments and the Railways except in the matter of capital expenditure. When the Posts and Telegraphs Department show a deficit the general revenues of the country go to the rescue of that Department. I do not see any reason why when we are on the threshold of such bad times that our contribution to general revenues should not for the time being be suspended, if not wholly abolished. Sir, it will be necessary to consider also whether even in prosperous years the amount of these contributions should not be appropriated to providing greater amenities to low-paid employees, in the reduction of rates and fares and in improving the position of our Railways. These are matters for serious consideration which I recommend to the Honourable Mr. Russell for his consideration.

Sir, I do not propose to take up the time of the Council any longer. I shall therefore terminate my remarks, but before I do so, I wish to allude to one matter with your permission. This is the last time when the Railway Member, Sir George Rainy, will be with us. He will shortly retire from office and those who have listened to his speeches for the last five years in this Council will join with me in paying our tribute of respect and appreciation for the excellent work he has done as Railway Member, and for the very instructive and edifying speeches which he has from time to time made. (Applause.) He will shortly leave this country. Whether he will be called upon to fill other and exalted offices is another question, but I can assure him that this Council will always remember with gratitude the many instructive speeches which he has delivered in this Council. I also would like to refer to his right-hand man in this matter, Sir Allan Parsons. He will also leave the Assembly shortly. The one great consolation is that he is going to take his seat in this Council in a higher sphere of office. What will be the loss of the Assembly I believe will be the gain of this Council. Sir, I have nothing further to add.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I congratulate the Honourable the Railway Member and the Honourable the Chief Commissioner of Railways for the way in which they have met the extra deficit which has befallen the working of the Railways. I also congratulate them for the retrenchment that they have so far effected. In the Explanatory Memorandum which has been placed before us we find that in the superior posts there has been a reduction of 169 officers on the State-managed Railways and of 24 officers on the Company-managed Railways. In case we had been supplied with the total number of officers on the State Railways as well as on the Company Railways we would have been able to judge better whether this retrenchment has been adequate or inadequate. I hold,

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Sir, that there is still more room for the reduction of officers. Sir, no mention has been made in the Report regarding terms and lower scale of salaries for the new recruitment to superior posts. Does the Government contemplate any revision of salaries? The salaries as they are at present stand very high as compared with the various big Dominions and Colonies and I hope that Government will take early steps to revise the scale of salaries of superior appointments for new entrants.

Now, Sir, I come to the causes which have led to this abnormal fall of revenues in the Railways. The chief reasons which my friend, Sir Maneckji, has already pointed out, are the trade depression and the economic distress in the country. As far as the trade is concerned, I and certain other Members of my way of thinking have been pressing that the present exchange and currency policy which has greatly stood in the way of the development of trade and commerce should be changed. (*The Honourable Sir Maneckji Dadabhoy*: "Question?") I repeat the same thing again. My Honourable friend questions my argument but I can tell him that this is a point for which there is not enough time to debate to-day. Another point, Sir, which has depressed trade is unemployment. When the people are hungry, when the people cannot make both ends meet, when they cannot support and feed their starving children, it is very difficult to expect more purchases from them and more travelling on their part. In these days of depression I do not at all approve of the increase in railway coaching fares and in goods freights. The Honourable the Commerce Member himself anticipated no increase of revenue from this and as he himself said in his speech which he delivered in another place:

"In my budget speech last year I explained my view that no solution of our difficulties was to be found in any general increase in the level of freights and fares, and all that has occurred since then has strengthened the conviction which I then formed. Conditions being what they are, and the root cause of all our difficulties being the lack of purchasing power of the community as a whole, any general increase in freights and fares would defeat its own object. The subject which has engaged my own attention during the last year has been rather the converse question whether we might not secure increased revenue from a reduction in freights on certain commodities owing to the expansion in the volume of traffic which might follow."

And so on. From the papers before me, I find that the decrease in the number of passengers carried by Railway is 14·7 per cent. In case we take the normal yearly expansion of the growth of the coaching traffic, this figure will swell up, but all the same, Sir, I must say from the experience of the coaching traffic that we have in the Punjab anyhow, that this 14·7 per cent. traffic is diverted to the lorries. Now, we find in the Punjab, Sir, that even marriage parties, when travelling within a radius of about a hundred miles, resort to lorries and avoid the railway journey because the railway fares have been increased and it does not pay them to travel by rail. I request the Honourable the Chief Commissioner or the Honourable the Railway Member to pay serious and close attention to this fact. Another cause which has dropped the railway earnings is the industrial depression. But I must say, Sir, that, although Sir George Rainy himself admits "that it is in the interest of Railways to keep coal freights at the lowest level commercially possible because cheap coal is essential to industrial development and industrial development means increased traffic for Railways", I am sorry to say that coal freights have been raised which instead of encouraging the industries will act adversely and will hamper progress. Sir, the freights on coal are levied on a telescopic scale. Now, the surcharge ought to have been proportionately levied according to the principle that the greater the freight the smaller the percentage of the surcharge. This

surcharge has placed the Punjab in a very awkward position as far as industries are concerned. I might say for the information of this House that at present the rate of freight for the first 200 miles is ·15 pies per maund per mile; from 200 to 400 miles it is ·16 pies per maund per mile; and for over 400 miles it is ·05 pies per maund per mile. If we compare places which are at distances of say 500 miles from the colliery and 1,000 miles from the colliery, we find that those places which are unfortunately situated a thousand miles away from the colliery pay double the surcharge for the same tonnage which places at distances of 500 miles pay. This is very serious. The Punjab has been greatly affected. As far as Bombay, Madras, Karachi, Rangoon and other industrial centres near the ports are concerned, they can get their coal carried by steamers. Even now big trade centres like Bombay, Madras and other places which are near to the ports get an undue advantage over those industrial centres where the railway freights are very heavy. The provinces other than the Punjab are either very near to the ports or they have coal mines within their own jurisdictions, but the Punjab is the only province where there is a lead on coal of over 1,000 miles and the present surcharge on that mileage is inequitable and unjust and ought to be reconsidered and put right immediately.

Sir, my Honourable friend Sir Maneckji Dadabhoy has advocated the cause of publicity in the Railway Departments. As far as Indian publicity is concerned, it has, I understand, improved the railway traffic. But as far as foreign publicity is concerned, from the figures which have been placed before us we find that no appreciable increase in railway traffic has resulted. So I think that expenditure on publicity in foreign countries is useless.

I find that no reduction whatsoever has been made in the concessions given to the Army Department in coaching fares and in goods freights. This preferential treatment cannot be justified. In such times as these when the concessions to the general public and trades have been withdrawn there is no reason whatsoever why the concessions to the Army Department must continue. This deserves serious consideration from the Railway Member and I hope that he will move in the matter and stop this preferential treatment.

I may also mention, Sir, that the loss on strategic lines ought to be debited to the Army Department. I know it is a purely paper transfer and it does not affect the Budget to any appreciable extent, but a charge which is a legitimate charge on the Army expenditure ought not to be borne by the Railways. When we sanction the Army budget every year we must know what the total expenditure is and all the items which are borne either by the Railways or by the Civil Departments on behalf of the Army Department ought to be debited to the Army. I have been pointing this out many a time, but so far it has not received any attention from the Government. In these times of serious depression this matter must be put right.

The Honourable the Chief Commissioner of Railways in his speech has said that the trial of concession rates in the railway freight on wheat has not proved a success. Many of us anticipated that it would not prove a success. At the time when the Wheat Bill was being considered in this Honourable House I pointed out that the reservation clause in the Bill would not give any relief to India and would, on the other hand, deprive the Railways of a lot of revenue. If the entry of the wheat which came from Australia to Bombay, Madras, Calcutta and other ports had been stopped or the import duty had been levied on them forthwith without any reservation, the Railways would have got a big traffic from the Punjab and the United Provinces to Bombay, Calcutta and other wheat consuming centres and this would have

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brought an appreciable revenue to the Railways in these times of depression. I think that the Government of India are to blame for this loss.

I come to the point which my Honourable friend Sir Maneckji Dadabhoi raised as regards the expenditure on stores. As far as stores are concerned, there are, I understand, two heads of expenditure. One is the investment of a certain reserve stock and the other is the routine issue of stores. I have not got any figures before me for all the Railways, but from the information that I have about the North Western Railway, I can say that during the time when Mr. Misra was in charge of the North Western Railway stores as Chief Controller he made a very appreciable and unprecedented economy in the routine issue of stores and in the decrease in capital outlay on the stocks held. So I cannot blame the Railway that the stores side of the matter has not been receiving their due attention.

Now, the policy which is being adopted by the Railways is that the train mileage ought to be reduced, which means that many of the through trains are being cancelled. People have therefore to tranship at junctions and the result is that more traffic is diverted to the lorries where the lorries go through. I have been pressing this point in the Local Advisory Committee of the North Western Railway but so far without success and I cannot understand the mentality of the railway administrations in cancelling through trains and replacing them by shuttle trains. When you are running so many shuttle trains between certain stations, why not replace one shuttle by a through train. It is a very reasonable proposal, but for reasons which I cannot understand these things are being done which will result in a further decrease of traffic and corresponding loss of revenue.

Then, Sir, I come to the question of repairs and maintenance of railroads and carriages. As far as the maintenance of track is concerned, more attention is being paid to it because if that is not well attended to it endangers the safety of the travelling public. But as regards repairs to the coaching stock less attention is being paid and even in upper class carriages on the North Western Railway you now find that the windows, venetians and shutters are all loose, and thus admit dust.

THE HONOURABLE MR. G. A. NATESAN : 'In some cases they are very stiff. You cannot take them down at all.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : They may be stiff in the case of new rolling stock, or in the period of the monsoons, but as far as the ordinary stock is concerned I can assure my Honourable friend Mr. Natesan that in many of the carriages on the North Western the compartments get full of dust and dusting out is required to be done every 50 miles. That sort of economy will also tend to decrease the traffic.

Another point which I want to raise is that there has been an abnormal increase in the first and second class fares, and that notwithstanding that the withdrawal of week-end tickets still continues. What we find now is that mostly those who travel on free passes or travel free are travelling first class, while most of the first class traffic has been diverted to the second class and of the second class to the intermediate class, and so on. So, Sir, this abnormal increase in fares will not result in the increased revenue which the Railway Department anticipates. It is time enough even now to reconsider that point and to introduce such rates as will improve the earnings and not decrease them.

As regards retrenchment, Sir, in the lower grades, I think, Sir, it is much better to keep people half starved than to keep many fully starved. I think that in making economies this fact should be borne in mind regarding the low paid staff. I will propose when the time comes that for the unemployed there ought to be introduced a system of doles such as is now prevalent in Great Britain.

THE HONOURABLE MR. H. M. MEHTA (Bombay : Non-Muhammadan) : Sir, I have heard what the Honourable Sir Maneckji Dadabhoi and the Honourable Lala Ram Saran Das have had to say on this Railway Budget. Whether one should offer congratulations on the Budget which is produced before us or whether one should admit that the Budget is a heart-breaking one, I leave this Honourable House to judge for itself. One must admit that the times are bad. The economic situation in the country is very grave and for that reason the efforts of our Honourable friends in charge of Railways have not met with the reward which they would have in ordinary times. But that does not mean for a solitary moment that they should not have seen the approaching times and made economies much earlier than they have done. If they had foreseen the times ahead, instead of looking only at their noses, surely they would have saved many many crores of rupees during the last few years. As it is, what we find is that 22 crores of rupees in the Reserve Fund have been simply wiped out and they are now resorting to the Depreciation Fund, which if not taken care of, will also be wiped out in a very short time. They have proposed to get more revenue for the railways by increasing the surcharge on coal and on passenger fares. Those who travel widely in the country know very well that the railway earnings are curtailed mainly on account of the high passenger fares and the increased charges on goods. The motor lorries are now running in the country, not in hundreds or in thousands, but in tens of thousands, and they are taking away the earnings of the Railways both in passengers and in goods. This is what any one who travels much in the country and keeps his eyes open will find. And if my Honourable friend Sir George Rainy thinks that the surcharge on coal is going to bring him more revenue, he will find himself mistaken. When you put anything more on a commodity than the consumers can bear the natural result is that they drop that commodity and go in for something else which they find is cheaper. In the case of coal, if mills find that the cost of coal is such that it is no longer economical to use, they will go in for fuel oil. About one ton of fuel oil will produce the same result as two tons of coal and perhaps more if the coal is of inferior quality. That means that the transport of the fuel oil in place of coal will bring in less freight to the Railways and the consequence will be that the collieries will suffer. The big centres of the cotton mill industry which are at present consuming large quantities of coal will take to fuel oil, so that it will do good to neither the Railways nor to the coal companies. As my friend the Honourable Lala Ram Saran Das has pointed out, the passenger bookings are also falling to a large extent on account of the increased first and second class charges. I find those of my friends who used to travel first class now travel in the second class and those travelling second class previously are now travelling in the intermediate class. This brings down the revenue of the railway companies and no advantage is got out of it. My Honourable friend Sir Maneckji Dadabhoi pointed out that as far as the city of Bombay is concerned the civil disobedience and political movements have made havoc on the earnings of the Railways. I do not admit for one solitary moment that railway earnings are affected either by the civil disobedience or by the political movement. Yes, if all the cotton

12 Noon.

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mills in Bombay and other big manufacturing concerns were closed on account of the political movement and the civil disobedience movement, I would certainly admit that it had affected the railway earnings.

THE HONOURABLE SIR MANECKJI DADABHOY : Is there nothing like confidence in trade, Sir ?

THE HONOURABLE MR. H. M. MEHTA : Confidence in trade has not been affected to the smallest extent. I can assure you as a gentleman, I can assure you as a Bombay citizen, that what is not done in the regular cotton markets is all done at the side door.

THE HONOURABLE SIR MANECKJI DADABHOY : You are defending Bombay citizens ; that is all right, but some of the Bombay merchants are the biggest culprits to-day.

THE HONOURABLE MR. H. M. MEHTA : I am not defending the Bombay citizens, but you are defending the policy of the Railways.

THE HONOURABLE SIR MANECKJI DADABHOY : My observations are not for the defence of the Railways, but to promote the earnings of Railways.

THE HONOURABLE MR. H. M. MEHTA : That is exactly what I am driving at that the earnings of the Railways have not been affected by either the civil disobedience movement or by the political movement.

THE HONOURABLE SIR MANECKJI DADABHOY : My experience is otherwise.

THE HONOURABLE MR. H. M. MEHTA : My experience is also otherwise, Sir. This is beside the point. Cotton is coming into Bombay both for shipment and for local consumption and the Railways are earning their freight, and though the cloth markets are similarly closed for months and months together, all big business is done by the back door ; all the cotton manufactures, cloth and yarn bales, are being disposed of. Supposing for one solitary moment, that, that was not the case, then in less than two months every mill in Bombay and Ahmedabad would close their doors, because they would not have money enough to buy cotton if they could not get rid of the finished products, cloth and yarn bales. Therefore railway earnings are not affected by any of these movements. Of course I quite agree with my Honourable friend Sir Maneckji Dadabhoy that the civil disobedience and the political movements are doing a great deal of harm, but as far as the Railways are concerned, I cannot say that they have done so. With these few remarks, I close my speech on this subject.

* THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, I propose to make a few observations on the one subject that has lately come under my purview, that is, the question of railway stores purchase. It was distinctly understood—and I speak with some knowledge of the records and the evidence given before the Stores Retrenchment Committee with which I have been officially connected—that when this Department

* Speech not corrected by the Honourable Member.

was formed that the Government of India would urge on all the bigger departments like the Railways and the Military to make their purchases through that Department. I find, Sir, that very little has been done in that direction. I am quite aware, due perhaps to some little pressure, that my Honourable friend Mr. Russell has of late been trying to add to the list of articles that might be purchased through the Indian Stores Department, but I really cannot see why at least so far as the State Railways are concerned an order should not be issued that, save perhaps in the case of articles which could be purchased only by the railway authorities themselves, all other articles which are used by them should not be purchased through the Indian Stores Department. I speak about this with a certain amount of feeling, because from all that I have been able to read and from the evidence that was given to us there is the feeling, the irresistible feeling, that it looks as if some vested interests prevent the transfer of these purchases from the Railways themselves to the Indian Stores Department ; and I would like to take this opportunity to put a very straight question to the Honourable Sir George Rainy whether it was not understood at the time of the formation of the Indian Stores Department, or indeed I shall put it in another way, whether he is not aware of the promise actually made by the Honourable Sir Charles Innes at that time on the floor of the other House that the Military and the Railway Departments would be compelled to make all their purchases through the Indian Stores Department. I fear, Sir, that it has been very gravely neglected and the consequence is that there is a good deal of reduplication of staff which is absolutely unnecessary for the Railways if all their purchases are made through the Indian Stores Department. Whatever has happened in the past I propose not to mention, but I now take the opportunity to ask the Chief Commissioner for Railways and also the Honourable Member who is present here, who I expect will make some criticism on the points raised, whether it is not high time to give up the policy adopted in the past and give definite instruction to at least the State Railways that all their purchases should be made through the Indian Stores Department. I quite realise that there will be difficulty in giving effect to an order like this so that the effect of it may be realised very shortly, but surely a very serious, earnest and honest endeavour should be made, say, within a period of three or five years ; the objective should be the abolition of the purchasing department at least for the Railways and the keeping of as much staff as is absolutely necessary for ordering the goods and receiving and storing them. Really, Sir, a great deal of economy could be achieved in this direction, and if retrenchment, earnest, serious and honest, is to be effected, this is the direction. I trust these observations will receive some attention.

THE HONOURABLE SIR GEORGE RAINY (Member for Commerce and Railways) : Sir, I had hardly expected to be called upon quite so soon to reply to the discussion in this House, but I recognise that the Budget which my Honourable friend Mr. Russell and I have been compelled to submit to the Legislature this year is a document of a somewhat discouraging character and I can only presume that its discouraging effects have to some extent paralysed the powers of speech of this House. It is an additional cause of regret to me that I should have had to produce a document with such unfortunate consequences.

I have listened with the greatest interest, Mr. President, to the observations which have fallen from all the Members who have spoken. Perhaps I might begin with my friend Rai Bahadur Lala Ram Saran Das. My Honourable friend imputes to me, I fear, greater personal courage and greater strategic

{ Sir George Rainy. }

capacity than I can claim, when he wishes me to start an animated controversy with my Honourable friend, His Excellency the Army Member, who, I am sorry to see, is no longer here, on the subject of the concessions to the Army. Whether my successor in my present office will be more martially inclined than I am, I am not prepared to say; but though the army which my Honourable friend Mr. Russell commands is, I believe, three times as numerous as that commanded by His Excellency the Commander-in-Chief, for Mr. Russell's forces approaches 800,000 in number, I am not sure that it is wise to open controversial questions of that kind unless you are quite sure what sort of artillery your opponent carries, and what sort of barrage he will be able to put across once the attack is started. What we do recognise in the Railway Department is this. Looking at the Railways purely as a commercial concern—this is not the only instance, and Army Department is not the only Department concerned—there are particular matters in which the existing conditions and terms give the Railways something less than a full commercial return. On the other hand from time to time the counter question is raised; for instance, I think it was two years ago, or a year ago, that the Finance Department raised a question as to the manner in which the interest on the railway debt was calculated, and we had to admit that we had been in the past paying something less than the amount that might have been debited, inasmuch as only the fairly nominal rate of interest was debited, and when a loan was raised at a discount no account was taken of the fact that this obviously increased the actual rate of interest paid. Therefore, before questions of that kind are raised for discussion, it is necessary to remember that nearly always there are counter questions which can be raised on the other side.

Another point taken by my Honourable friend was that he wished to know whether anything had been done, in view of the financial position of the Railways, about fixing somewhat lower scales of salaries for new entrants. No new scales I think have yet been fixed, but the matter is a very important one which is being taken up not only in the Railway Department but in all Departments, and I believe I am correct in saying that all new entrants who have come in during the last year have been warned that their appointment is subject to this condition that, if and when lower scales of pay are fixed for new entrants, they will only be entitled to those new scales. We have therefore safeguarded the interests of the future.

Then my Honourable friend raised the question of the increase made in freights and fares and the surcharge on coal and the same point was very naturally taken by other speakers also. Honourable Members will see from what I said in another place that we do not look forward to being able to do a great deal in the way of increasing our earnings by raising freights and fares. Where we see a chance of getting a little more money from an increase we cannot neglect such opportunities, few though they may be, but on the whole I have no doubt there is not a great deal to be done in that way, and—as I said in the Assembly—what has occupied my own attention much more than that is the examination of the question whether our existing rates were not in particular cases restricting traffic and possibly bringing in a smaller revenue than we could earn with a lower rate. In particular—to take a point alluded to by speech of the most regrettable tendency of first class passengers to travel second, of second class passengers to travel intermediate and of intermediate class passengers to travel third. And where during the last few months increases have been made in the higher class fares I will certainly ask the

Railway Board to see that the matter is examined as soon as the new rates have been in force for a sufficient period to see whether that tendency is at work and to see what the actual effect of the increase has been.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will you kindly define the sufficient period?

THE HONOURABLE SIR GEORGE RAINY: I cannot answer offhand because the increases were made by different Railways at different periods and I must also take advice from the Railway financial authorities as to how soon we can actually get the figures. The accounts offices will have to give them to us and it will be a matter for consideration how soon the Accounts Department can let us have the figures for a sufficient period.

Then my Honourable friend referred to the reductions which have been made in the train mileage, and he also complained of what he called the substitution of special trains for through trains. I am not quite sure that I exactly followed him on that particular point and what I am going to suggest is, because it is perhaps hardly a matter which can be adequately discussed in a general debate, if he would let me have in writing a short statement of what exactly he has in his mind we will certainly look into the matter and see what can be done.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I said shuttle trains and not special trains.

THE HONOURABLE SIR GEORGE RAINY: Now I begin to understand. I heard the word as "special" and I could not make out what the point was. He also complained of the condition of the coaching stock. Of course, at the time of retrenchment I do not know that the coaching stock is exempt from retrenchment any more than anybody else. But when he complained of the dust in the carriages of the North-Western Railway I began to wonder whether the motor buses in the Punjab are entirely free from dust.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: They carry third class passengers and not first class passengers.

THE HONOURABLE SIR GEORGE RAINY: Well, but my Honourable friend no doubt travels in the Punjab in his own motor car from time to time. I do not know about his motor car but my motor car is not free from dust—not when I am out on the mufassal roads. One of my Honourable friends who spoke towards the end complained that we ought to have started our economies much earlier and ought to have foreseen what was coming. One peculiarity of the present world economic crisis, I think, is that right up to October, 1929 I do not think anybody foresaw it, not even the American statisticians who I suppose have the most complete equipment of statistics of any set of scientists in the world. I do not think any of them foresaw a crisis of the magnitude that has actually come upon us, and so far as the Railways are concerned I can say this that, by the beginning of 1931, we had fairly embarked upon a very vigorous and strenuous economy campaign which we have been pursuing ever since, and I believe we were the first Department of the Government of India to take the matter fully in hand. It may be perfectly true that sometimes these things are put off a little too long but it is extremely difficult until the crisis is fairly upon you to know exactly what you have to face. And since economy on anything like the scale we have been attempting necessarily involves reductions in establishment and reductions in pay which

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the staff naturally do not like, it is always a question one has to consider whether the emergency has reached a point at which all the possible consequences of such action have to be faced.

My Honourable friend Mr. Natesan spoke of the Indian Stores Department, and he complained that we had not made nearly so much progress as we ought to have done towards handing over the purchase of our stores to that Department. I have not very clearly in my mind at the moment all that has been said on that subject by Members of Government at various periods although it is a matter into which I have gone personally three or four times since I have been Railway Member. But I should like to draw attention to the separation Convention which Honourable Members will find at pages 101 and 102 of Volume I of the Report of the Railway Board on Indian Railways for 1930-31. At the very end of the Convention there is a small annexure, a part of which I will read :

“ Apart from the above Convention this Assembly further recommends ”—

then there are two recommendations—the first is about Indianisation and the second is :

“ The purchase of stores for the State Railways shall be undertaken through the organisation of the Stores Purchase Department of the Government of India.”

Now, the very reason why that recommendation appears as a sort of annexure to the Convention and not as an integral part of the Convention itself is precisely this, that my predecessor, Sir Charles Innes, was not prepared to give a pledge on behalf of the Government that in fact he would be able to hand over to the Indian Stores Department the entire stores purchase of the Railways. It is a matter which almost annually engages our attention, usually about the time when the Public Accounts Committee is sitting or is about to sit. We always consider the matter then in conference with the Chief Controller of Stores. We always consider whether we can increase the list of articles which we buy through that Department, and I think every year, for the last four years, there have been additions to the list. But it is by no means so simple a question as it may appear at first sight, and the criterion by which we have to be guided is simply this, economy and efficiency, and the moment we are satisfied that by handing it over to the Indian Stores Department we shall secure these objects, then all our difficulties disappear.

I will not dwell on the controversy which arose between my Honourable friend Sir Maneckji Dadabhoy and the Honourable Member sitting opposite as to whether the civil disobedience movement had or had not decreased our railway earnings or whether the present attitude of Bombay had done so. Personally I should find it very difficult to give either the one or the other a complete acquittal in this matter. The Scottish verdict of “ not proven ” is the best I could do for them. For when tendencies are at work obviously inimical to trade and destroying the confidence which is essential to trade, it seems to me very unlikely that so sensitive a barometer as the railway traffic returns would not, if sufficiently closely examined, show traces of the depression which had been at work.

Finally, Sir, I will refer very briefly to what fell from my Honourable friend Sir Maneckji Dadabhoy who spoke first. I was so much in agreement with what he said on nearly all the topics that there is not a great deal for me to say. But perhaps I might say something about the contribution to the

general revenues. What is quite certain is this, that the question of the contribution has got to be considered again from the beginning on an entirely new basis. The position of the Railways to-day is totally different from what it was in the economic conditions prevailing six or seven years ago, and it is not now a question so much of what the Railways ought to pay, as a question of what the Railways can pay, for at the present moment the position clearly is that whether the Legislature or the general tax-payer thought they ought to get assistance from the Railways, it cannot be got because it is not there. I think all Honourable Members will agree that before this question can be usefully considered in any detail, a further period must elapse, because I do hope that before another two years may have elapsed, we shall begin to see our way through the present crisis, and that it may be possible to look forward with some degree of confidence to what the future has in store for us. At present we are all working in the dark, and I doubt if anybody would be prepared to put forward in confidence any forecast of what the position was likely to be in two years' time.

Before I sit down, Mr. President, I should like to express my regret that this is probably the last time on which I shall have the honour of addressing this Council, to thank all Honourable Members for the great courtesy which I have always received when I have appeared in this House, and to thank particularly my old friend Sir Maneckji Dadabhoy for the kind and friendly things which he said, which in intention I have always striven to deserve, though I am not so sure that in performance I have actually done so. (Applause.)

ELECTIONS TO THE STANDING COMMITTEE ON EMIGRATION.

MR. CHAIRMAN (the Honourable Sardar Bahadur Shivdev Singh Uberoi): Honourable Members are aware that four non-official Members are to be elected to the Emigration Standing Committee. The following four Members have been nominated so far :

The Honourable Sir Pheroze Sethna.

The Honourable Rai Bahadur Lala Ram Saran Das.

The Honourable Mr. Natesan.

The Honourable Mr. Suhrawardy.

I declare these four Honourable Members duly elected to the Standing Committee on Emigration.

The Council then adjourned till Eleven of the Clock on Monday, the 29th February, 1932.

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COUNCIL OF STATE.

Monday, 29th February, 1932.

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

MEMBERS SWORN :

The Honourable Major-General John Wallace Dick Megaw, C.I.E., M.B., K.H.P., I.M.S. (Director General, Indian Medical Service).

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain, K.C.I.E., Kt. (Education, Health and Lands Member).

QUESTIONS AND ANSWERS.

EXPENDITURE ON MILITARY OPERATIONS IN CHITTAGONG.

35. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state the approximate amount they have spent up to date for military operations in and around Chittagong for tracking down and suppressing the terrorists and rebels ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : The extra charges incurred upto the 31st December, 1931, amounted to approximately Rs. 66,000. Later figures are not yet available.

COST OF THE TEMPORARY ADDITIONAL GARRISON STATIONED IN BURMA IN CONSEQUENCE OF THE DISTURBANCES.

36. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
(i) Will Government be pleased to state :

(a) how many detachments are already in operation in Burma for the suppression of the rising and consequent disturbances in Burma ?

(b) how many detachments are of Indian units ?

(ii) Will Government be pleased to state the amount already spent by them under the head "Military," in connexion with the suppression and quelling of the disturbances in Burma ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (i) (a) and (b). The normal garrison of Burma consists of 2 British battalions, 3 Indian battalions and 1 Mountain Battery, Royal Artillery. In addition to these, 1 British battalion and 5 Indian battalions are stationed temporarily in Burma in consequence of the disturbances. This temporary additional garrison is in process of being reduced to 2 Indian battalions.

(ii) It is calculated that the employment of troops in connexion with the disturbances in Burma will cost the military estimates 27½ lakhs during the current financial year 1931-32 alone. This estimate includes the cost of transporting troops back to India, with the exception of the 2 Indian battalions which are to remain in Burma for the present.

ARMED GURKHAS ON PATROL DUTY IN DACCA.

37. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (i) Is it a fact that an additional detachment of soldiers have been billeted in Dacca since the murder of Mr. Stevens at Comilla ?

(ii) Will Government be pleased to state whether the armed Gurkhas in khaki now on patrol duty in the city of Dacca belong to the Army or to the Armed Police Force of Bengal ?

THE HONOURABLE MR. H. W. EMERSON : (i) No.

(ii) The armed men in khaki on patrol duty in Dacca City are Garhwalis and belong to the Bengal Police.

STATISTICS OF UNEMPLOYED PERSONS IN INDIA.

38. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state whether they have taken any statistics of the unemployed persons of all nationalities in India ? If so, will Government be pleased to lay on the table a statement showing the number of unemployed persons of the different provinces in India, with their nationalities ?

THE HONOURABLE MR. J. A. SHILLIDY : No such statistics of unemployed persons in India have been collected, but an attempt was made at the last Census to collect statistics of the educated unemployed. These statistics will be published in the forthcoming Census Report.

STATISTICS OF THE AVERAGE INCOME AND COST OF LIVING OF A PERSON NOW AND BEFORE THE WAR.

39. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (i) Do Government take any statistics of the average cost of living and the income of a person in the different provinces of India ? If so, will Government be pleased to lay on the table a statement showing the average cost of living and the income of a person in the different provinces of India now and before the war ?

(ii) Will Government be pleased to state which of the provinces in India take the statistics of the average cost of living and the income of a person ?

THE HONOURABLE MR. J. A. SHILLIDY : (i) and (ii). No statistics of the average income and cost of living are compiled in respect of any of the provinces in India, but the Labour Office in Bombay and the Directors of Industries in Bihar and Orissa and the Central Provinces and the Director of Statistics and Labour Commissioner in Burma publish month by month cost of living index numbers for the working classes at certain centres in their respective provinces. These index numbers indicate the rise and fall in the cost of living as compared with a specific pre-war or other period.

GENERAL CONDITION OF TRADE AND INDUSTRY IN INDIA SINCE THE RUPEE WAS LINKED TO STERLING.

40. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state whether there has been any marked improvement in the general condition of trade and industry in India since the rupee has been linked to sterling ? If so, will Government be pleased to state in what items of trade and industry the improvement is tangible ?

THE HONOURABLE MR. J. C. B. DRAKE : I presume the Honourable Member's question relates to the course of events since September, 1931. It is too early yet to say that there has been a marked general improvement in the conditions of trade and industry. But if my Honourable friend will refer to the table showing the Index Numbers of Wholesale Prices in Calcutta published on page 424 of the Indian Trade Journal of the 11th February, 1932, a copy of which is in the Library, he will see that the price levels of most of the articles of export from India have risen since last October, while the tendency of gold prices during the same period has been persistently downward.

PRESENT CONDITION OF THE FOREIGN PIECE-GOODS TRADE IN INDIA.

41. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to make a statement about the present condition of the foreign piece-goods trade in India ?

THE HONOURABLE MR. J. C. B. DRAKE : The Honourable Member is referred to the monthly accounts relating to the Sea-borne Trade and Navigation of British India, copies of which are in the Library.

CUSTOMS REVENUE OF DIFFERENT PROVINCES IN FOREIGN AND BRITISH PIECE-GOODS TRADE SINCE THE IRWIN-GANDHI PACT.

42. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to lay on the table a statement showing the customs revenue of the different provinces in India in foreign and especially, in British piece-goods trade since the Irwin-Gandhi Pact ?

THE HONOURABLE MR. A. F. L. BRAYNE : A statement is laid on the table.

Statement showing shares of the different maritime provinces in the amount of duty collected on cotton piece-goods : (a) plain grey and (b) others, of British manufacture and not of British manufacture separately, during the nine months, April to December, 1931 :

	Cotton piece-goods— (i) of British manufacture.	(a) Plain grey (ii) not of British manufacture.	Cotton piece-goods— (i) of British manufacture.	(b) Others (ii) not of British manufacture.
	Rs.	Rs.	Rs.	Rs.
Bengal	52,308	19,20,001	23,88,761	30,93,542
Bombay	1,86,100	16,38,081	20,93,326	18,15,807
Sind	37,296	6,86,538	48,20,386	9,55,161
Madras	4,10,281	5,06,556	11,93,594	1,45,862
Burma	1,08,273	6,88,178	8,64,582	25,21,386
Total	7,94,258	54,39,354	1,13,60,649	85,31,758

INDIAN PARTNERSHIP BILL.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, I move that the Bill to define and amend the law relating to partnership, as passed by the Legislative Assembly, be taken into consideration.

Sir, I need not take long in explaining this Bill to the House, because all I have to say is contained in the Statement of Objects and Reasons, which includes the Report of the Special Committee appointed by the Governor General in Council to revise the law of partnership, and it includes also Notes on Clauses which explain every single section when there has been any departure from the existing law. Sir, the only special feature of this Bill is contained in Chapter VII, which relates to registration of partnerships. This question of registration has been before the country for the last 60 years. Various commercial bodies from time to time have insisted upon registration of partnerships. So far back as 1867 the Bombay Chamber of Commerce drew the attention of the Government of India to this matter, and since then from time to time it has been pressed upon the Government. But several difficulties always stood in the way. The two outstanding difficulties which we had to confront were the Hindu joint family business and business in a small way. In 1918 the Industrial Commission took up this question and I had the privilege of appearing before the Commission and providing a solution. That solution is now embodied in this Bill. The Industrial Commission recommended registration but nothing was done. Then came the Civil Justice Committee, over which the present Chief Justice of Calcutta, Sir George Rankin, presided, and I had the privilege of appearing before that Committee again to explain my scheme, and they again recommended my scheme for adoption. But again nothing was done. When I came to the Government of India I took upon myself the task of revising some of the old laws. I had the privilege of revising the Transfer of Property Act and the Sale of Goods Act, and this is my third venture, the law of partnership I took this opportunity of introducing the principle of registration of partnerships into this Bill. For our model we had the corresponding English Act. We had still those two difficulties, the difficulty of Hindu joint family firms and the difficulty of small trades to negotiate. As regards Hindu joint family, I personally felt no difficulty because a Hindu joint family business is not a contractual firm. A member of a Hindu joint family is interested in the business of the family by reason of his status and not by virtue of any contract. We have excluded all matters which are not contractual from the scope of this Bill. Now, the other difficulty was about small trades. Various suggestions were made. The most insistent was exclusion on the basis of capital, that is, if the capital was under a certain figure, then that business should be excluded from the operation of registration. The Special Committee appointed by the Government examined all the various suggestions and they were found impracticable. In the course of the debate in the other House a suggestion was put forward that small claims might be excluded and I promised there that I would examine that suggestion and if found practicable I would move an appropriate amendment in this House. Sir, on examining that suggestion I found that it was feasible and we could give relief in the case of small trades. When I come to the amendment, I shall explain that more fully. Chapter VII, the Chapter on Registration, is the only special feature of the Bill. As regards the rest of the Bill what we have done is to clarify the law and to bring it up to date. The law of partnership at the present moment is contained in Chapter XI of the Indian Contract Act, which

was passed so far back as 1872. Since then it has not been revised. Sir James Stephen, who was then the Law Member, in introducing the Indian Contract Bill contemplated revision. I am reading one passage from the Report of the Special Committee.

"When Sir James Stephen moved the Indian Contract Bill, he admitted that it was not and could not pretend to be, a complete code upon the branch of law to which it related. He, however, expressed a hope that in later years it would be easy to enact supplementary chapters relating to the several branches of the law of contract which the Bill did not touch. This hope had never been fulfilled. In later years it was found more convenient to have separate enactments for the several branches of the law of contract, e.g., the Transfer of Property Act, the Negotiable Instruments Act, and the Merchant Shipping Act. In our opinion, in view of the complexity of modern conditions, the time has now come when this process should be accelerated by embodying the different branches of law relating to contract in separate self-contained enactments; and we hope that the Bill which we attach to our Report may be passed into law at an early date and may be but the first of the series required to complete the task which we have outlined above."

That was said, Sir, with reference to the Sale of Goods Bill. This is the second of the series, the Partnership Bill. What we are proposing to do is to repeal Chapter XI of the Contract Act and in its stead to substitute a self-contained Bill relating to the law of partnership. That, Sir, is the scope of the Bill, and, as I said, the only new feature of the Bill is Chapter VII, which deals with registration. The rest of the Bill is the existing law suited to modern conditions. We took as our model the English Partnership Act of 1890, but we took considerable liberty with that Act in view of the criticism to which that Act has been subjected by text writers like Lindley, Pollock and Underhill. We have benefited by that criticism and in shaping our Bill we have tried to improve upon the model and take special note of Indian conditions. Sir, I move.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, at the outset I should like to congratulate the Special Committee and also the Select Committee in framing this very important Bill and accomplishing a most arduous and difficult task. This Bill replaces Chapter XI of the Indian Contract Act. This piece of legislation in a manner actually codifies the existing law on the partnership subject. The present Contract Act has been found both by judges and lawyers in a great measure incomplete and judges had constantly to depend upon the aid of English rulings for the adjudication and interpretation of many important and intricate questions of law which were involved in suits embodying contractual relations coming before our law courts. The need for codification has been amply justified and it is after a period of 60 years that this Bill has been introduced replacing the original Act that was passed as far back as 1872. The years that have passed since the framing of the Contract Act have revealed many serious defects in that Act and it was thought necessary that the commercial legislation should be put on a system of uniformity. This Act follows the English Act of 1890 for its model and it is a matter for congratulation that the Special Committee that was appointed has adopted the English model. Both the Colonies and Dominions long ago adopted in the matter of partnership law the English model. Even the United States of America copied the example of the British Parliament in the Act which was passed in England in the year 1890 and it is time that after 60 years our Government should have awakened to the necessity of framing a code and putting the law of partnership in India on a basis which will in a way bring the law into a state of uniformity. Of course small deviations have been made in this Bill to meet local conditions, the special conditions prevailing in this country, and, as far as I have been

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able to examine the wording of the various clauses, it follows exactly the wording of the English Act of 1890, which will in many ways obviate the difficulties and permit our judges to depend upon English rulings and follow them as far as possible in their entirety.

Sir, as regards the Bill, Chapter VII introduces a very important principle—registration of all the partnerships that are hereafter entered into; not only that, but this Bill will have retrospective effect inasmuch as all the existing partnerships will also have to go in for optional registration if it is necessary to bring suits *inter se* among partners or even against third parties. Sir, I shall deal with this chapter in the first instance. The history of this chapter can be traced as far back as 1867 when the Bombay Chamber of Commerce moved Government that all partnership should be compulsorily registered. No action was taken by Governments then but this scheme was supported by several Local Governments and especially when the matter was pressed by the mercantile community of Calcutta it was very forcibly brought to the notice of Government. It has been said that the English mercantile community of Calcutta is responsible for the framing of this chapter. If it is so, I do not see any objection to it, because in a big commercial town like Calcutta where people have to deal with thousands of firms having numerous partners, especially in a country which is regulated and bound by the Hindu system of co-parcenary family and also in view of many dormant partners, it is necessary for parties dealing with people to exactly know who the partners in a particular concern or enterprise are, and therefore, though there was a great deal of storm in this connection in the other House, I do not for a moment see that the action taken by the Special Committee in framing this chapter was in any way objectionable. It must, however, be noticed, Sir, that this provision for registration did not appear in the English Act of 1890 and did not find place in the English law till 1916 when the Bill called the Registration of Business Names Act was passed. When that Act was passed it strengthened the position in this country and created a precedent and made the demand for the registration of partnerships necessary. My friend the Leader of the House has already pointed out the action taken by the Industrial Commission as well as by the Justice Committee in making specific recommendations regarding the introduction of a system or a principle of registration into all partnerships. It is probably also known to many Members that this principle, though we are now obtaining it in a general Act of the Government of India, this principle was as a matter of fact introduced by the Burma Legislative Council in 1920 in passing a similar Act on the lines of the Registration of Business Names Act. Sir, Chapter VII in this Act is in my opinion necessary and desirable. The only distinction which the Special Committee have made in this Act, is—and I congratulate the Special Committee on its recommendation—that the registration should not be made compulsory but remain optional with the partnership members belonging to a particular concern or enterprise, and as such it ought not to cause any great inconvenience to the public. I have only referred to this matter as I find a great deal has been said regarding the hardship caused by the registration of partnership not only in the other House but in public newspapers and it is also stated that this registration will create difficulties and prevent the normal existence and performance of trade and business in this country. One thing is certain that this section does not in any way attempt to alter or affect the rights of a third party to institute a suit against an unregistered firm; it only provides that the member of a firm which is not registered will not be competent to bring a suit against his fellow partners or

against the firm or against a third party. Therefore there is no hardship at all in this measure. The argument that small firms will be affected has some significance and I am very glad that the Leader of the House has, in accordance with the pledge given in the other House, agreed to bring forward a small amendment which will prevent small partnerships or what they call single ventures from any hardship in the matter.

The other sections of this Bill more or less proceed on the analogy of the English law. As regards minors, provisions have been made and their interests in partnership have been adequately protected. As regards the very difficult question of implied authority I am very pleased to find that that difficult question which has given considerable trouble during the last 25 years to various law courts in this country has been set at rest by stating certain definite matters or cases in connection with which no implied authority could be legally inferred.

I have carefully gone through the Bill. I find the law very satisfactory. It will put our existing law in consonance with the English law. It will help judges to administer the law more easily and confidently and it will enable the lawyers to plead their cases with precision and accuracy before the law courts.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians): Sir, I welcome this Bill. The codification of the partnership law has been long overdue. As has been said the provisions as to registration are peculiar to the Bill. When the Bill becomes law I think the provisions as to registration will relieve the courts of a lot of unnecessary work and also prevent unscrupulous litigation. Sir, under the present Civil Procedure Code a suit can be brought for or against a firm in the name of the firm and what happens after a decree against a firm is obtained is that the court has to find out in execution who the partners are and this entails a lot of unnecessary work and in many cases the real partners in a firm escape liability by showing that they are not partners. By registering the names of partners before any action is taken this unnecessary labour of the courts will be obviated. I hope that facilities will be afforded for registering partnerships easily. I would suggest in this connection the appointment of an officer like the Marriage Registrar under the Christian Marriage Act who could easily register partnerships. For it is not likely that after the existing partnerships have been registered there would be very many firms to be registered in each year. Probably in every province there may be only a few hundreds, and not more. Then, coming to some of the provisions, Sir, I find that one or two alterations could be usefully made when the Law Member considers the time has come for doing so. I would particularly draw the attention of the House to clause 6, Explanation 2. This provision is a very satisfactory one. In Madras, especially among the Muhammadan merchants, there is a custom obtaining of paying a small share of profits to servants, who are called *kashta kootali*, that is to say, labouring partners but not capitalist partners. Such persons are not partners in the sense in which the word "partner" is used. That is to say, they have not got the rights and liabilities of partners. They cannot ask for dissolution of partnership or for accounts. This provision makes the law on the point clear.

Then, Sir, with regard to clause 19, sub-clause (2), I think the whole of this ought to be deleted, for this reason, that a partner may be obliged at times to come to terms with a defendant without any delay. Suppose a suit is filed in Madras or in Calcutta and the defendant offers to pay a sum of money. Unless the partner is authorised to compromise the case at once, it may be that if he

[Sir David Devadoss.]

has to wait to get the consent of all the partners, he may lose what he would otherwise get, for by the time he gets the consent of all the partners the defendant may become insolvent or there may arise difficulties in the way of realising the decree. I do trust that this provision would be deleted from the Bill and it would be left to the courts to consider in what circumstances a partner could act for the rest of the partners so as to bind the partnership.

Then, Sir, as regards the effect of insolvency of a partner on a firm, clause 34 makes the effect to operate from the date of adjudication. Under the Provincial Insolvency Act adjudication does not take place soon after presentation of the petition for adjudication, whether it be a creditor's petition or a debtor's petition. Under the provisions of that Act considerable time sometimes elapses before adjudication is made. I would suggest that the date of the operation of the effect of adjudication should be from the date of the presentation of the petition and not as in the English Act from the date of the act of bankruptcy. From my experience I find that it sometimes takes a year or a year and a half for adjudication to be made after presentation of the petition.

Then, as regards clause 42, sub-clauses (c) and (d). I find, Sir, that these provisions are unnecessary and they might work hardship upon partnerships. Suppose there are eight or nine partners and one of them dies, it should not necessarily follow that the partnership is thereby dissolved. The deceased man's interest may be ascertained and his estate may be given the amount that may be due to him. So also in the case of a partner who is adjudicated insolvent. As the sub-clause stands, the whole partnership is dissolved. It will entail a lot of hardship on the other partners if the partnership is dissolved by reason of one of the partners dying or one of the partners becoming an insolvent. I would ask the learned Law Member to consider whether these two provisions could not be deleted from the Bill.

Then, as regards registration of partnerships, I find that clauses 66 and 67 are too wide in their application. The unrestricted power of inspection might cause hardship to people who do not want all their ventures to be known to the public. Allowing any person to go and inspect all the registers of partnerships kept by the Registrar would in some cases lead to unscrupulous dealings by making things public which a partner may not like to be made public. No doubt sub-clause (2) of clause 66 says: "subject to such conditions and on payment of such fee as may be prescribed". But what the conditions are to be should be specified in the Statute itself and not left to any rules to be framed. But even with such safeguards it is not everybody that should be allowed to inspect the partnership registers but only such people who are really interested either as plaintiffs or defendants to an action should have the right.

On the whole, Sir, the Bill is a very satisfactory one and as the Honourable Sir Maneckji Dadabhoy has said, the learned Law Member and the other members of the Special Committee ought to be congratulated upon producing a very satisfactory piece of legislation.

THE HONOURABLE SIR BROJENDRA MITTER: Sir, with regard to the comments made by the Honourable Sir David Devadoss I want to say one or two words. He said that clause 19 (2) should be deleted and that a partner should have more freedom in the matter. Clause 19 (2) begins with "in the absence of any usage or custom of trade to the contrary". A partner may be given express authority by his co-partners. That will take the matter outside the scope of this sub-clause. We are saving express agreements and

we are saving usages and customs of trade. Subject to these, we thought it desirable to set out the law for the guidance of the subordinate courts to whom the English Law Reports are not easily available. It is for their guidance more than for anything else that we thought it necessary to state the law, and what is stated here is the existing law. We have not departed from the existing law; only we have taken care to set it out here.

Then, as regards insolvency, if the Honourable Member will look at the Notes on Clauses, he will find that we have considered this matter very carefully. The Special Committee says:

"Sub-clause (1) states the principle that the insolvency of a partner severs his connection with the firm. The English Act antedates the dissolution back to the act of bankruptcy, but it is considered that this would be impracticable in India, and that section 254 (2) of the Indian Act should be followed in this matter."

So, what we have done is to adhere to the existing law and not to make any change in it, because the existing law has not been known to operate harshly. That being so, we did not feel justified in effecting any change. Beside, there would be a practical difficulty if you make the presentation of the petition the date on which the partner ceases to have an interest in the business. The difficulty would arise in the case of the petition being eventually dismissed.

[At this stage the Honourable the President vacated the Chair, which was taken by Mr. Chairman (the Honourable Sardar Bahadur Shivdev Singh Uberoi).]

Sir David Devadoss says that in the districts where the Provincial Insolvency Act applies, a long time elapses between the presentation of a petition and adjudication. If that be so, and if the presentation of the petition be taken as the crucial date, then if on the lapse of this interval the petition is dismissed, the position of the partner during the interval will be very anomalous. Taking all these things into consideration we thought that the safest and surest date would be the date of adjudication and not presentation of the petition.

Then, as regards clause 42, Sir David Devadoss says that dissolution of a firm on the death of a partner may operate hardly in certain cases. But that is the law of partnership all over the world. Partnership is an agreement between several people and if one of these people dies, naturally the whole agreement falls to the ground. It is not merely an agreement between some of the people, but an agreement which binds all the people. It is a thread which goes all round and binds all the people. If the thread breaks at any point, the whole of the string falls to the ground. That is the law everywhere. Then, with regard to section 66, what Sir David says is this, that this right of inspection might be used by unscrupulous people and might lead to undesirable disclosure of the internal affairs of a firm. I understood that to be his comment. Sir, we have considered this matter very carefully, and if you look at section 58 you will find that the disclosure we want is not of any of the internal affairs of the firm. We do not want any inquisition into the internal affairs of a firm. In section 58 we provide for the matters of which disclosure is necessary. They are, the firm name, the principal place of business of the firm, the names of any other places where the firm carries on business, the date when each partner joined the firm, the names and permanent addresses of the partners and the duration of the firm—all the matters which concern the outside world, those who are dealing with the firm. These are the matters of which we want disclosure, not of any of the internal affairs of the firm. The inspection or

[Sir Brojendra Mitter.]

disclosure of these matters, as to who the partners are, when the partners joined and whether the partnership is for a fixed period or for an indefinite period, cannot possibly prejudice any firm. If it were a case of the disclosure of any of the affairs of the firm, namely, the amount of capital or the nature of the business

THE HONOURABLE SIR DAVID DEVADOSS : But that is not registered. The amount of capital is not disclosed to the Registrar.

THE HONOURABLE SIR BROJENDRA MITTER : What I say is this. The matters which appear on the register of firms will be matters which the persons dealing with the firm ought to know. Persons dealing with the firm ought to know with whom they are dealing, to whom they are giving credit and when the partners joined and who the partners are at any particular point of time. These are matters which the register of firms will disclose, but none of the internal affairs of the firm. That being so, the risk which the Honourable Member is apprehending is not real.

Sir, there is nothing more that I need say. It is a matter of gratification to me who has worked at this measure for over two years that the Bill has commended itself to this House.

MR. CHAIRMAN : The question is that the Bill to define and amend the law relating to partnership, as passed by the Legislative Assembly, be taken into consideration.

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clauses 4, 5, 6, 7 and 8 were added to the Bill.

Clauses 9 and 10 were added to the Bill.

THE HONOURABLE SIR BROJENDRA MITTER : Sir, I move that in sub-clause (1) of clause 11, for the words "The mutual rights and duties", the words "Subject to the provisions of this Act, the mutual rights and duties" be substituted.

This is a drafting amendment which is necessary because a question might arise whether this clause, which is of a general character, overrides specific provisions of the Act or the specific provisions prevail as against the general provision. In order to make this point clear, I propose that the words "Subject to the provisions of this Act" be added. Sir, I move.

The motion was adopted.

Clause 11, as amended, was added to the Bill.

Clauses 12, 13, 14, 15, 16 and 17 were added to the Bill.

Clauses 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29 were added to the Bill.

THE HONOURABLE SIR BROJENDRA MITTER : Sir, I move that for sub-clause (6) of clause 30, the following sub-clause be substituted, namely :

"(v) Where any person has been admitted as minor to the benefits of partnership in a firm, the burden of proving the fact that such person had no knowledge of such admission until a particular date after the expiry of six months of his attaining majority shall lie on the person asserting that fact."

This is a purely drafting amendment. Sub-clause (6) as appearing on the Bill as passed by the Legislative Assembly was accepted by me subject to drafting changes. We have now made the drafting changes. There is no change of substance. We have used phraseology which we have used all through the Bill instead of the loose wording in which the amendment was suggested in the Assembly. Sir, I move.

The motion was adopted.

Clause 30, as amended, was added to the Bill.

Clauses 31, 32, 33, 34, 35, 36, 37 and 38 were added to the Bill.

Clauses 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54 and 55 were added to the Bill.

Clauses 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67 and 68 were added to the Bill.

THE HONOURABLE SIR BROJENDRA MITTER : Sir, I move for sub-clause (4) of clause 69, the following sub-clause be substituted, namely :

"(4) This section shall not apply—

- (a) to firms or to partners in firms which have no place of business in British India or whose places of business in British India are situated in areas to which by notification under section 55, this Chapter does not apply, or
- (b) to any suit or claim set-off not exceeding one hundred rupees in value which, in the Presidency-towns, is not of a kind specified in section 19 of the Presidency Small Cause Courts Act, 1882, or, outside the Presidency-towns, is not of a kind specified in the Second Schedule to the Provincial Small Cause Courts Act, 1887, or to any proceeding in execution or other proceeding incidental to or arising from any such suit or claim."

Sub-clause (4) as it stands deals with firms which have no place of business in British India. These firms are excluded from the operation of the registration Chapter. As I said, Sir, when moving the Motion for consideration, a suggestion was put forward in the Assembly that small firms might be excluded from the operation of registration, and I promised in the Assembly that I would examine that suggestion and, if feasible, I would move an appropriate amendment in this House. The result of my examination is this, that small claims of a small cause court nature might easily be excluded from the operation of registration. And I fixed upon one hundred rupee claims on the analogy of registration in the case of immoveable property. As Honourable Members are aware, transfers of immoveable property of the value of one hundred rupees and above are compulsorily registrable, but transfers of properties of a value below that figure need not be registered. Acting on that analogy I have put the limit at one hundred rupees. I think, Sir, that this exemption will be found to be beneficial and the apprehended harassment of small firms will be obviated. Sir, I move.

THE HONOURABLE SIR MANECKJI DADABHOY : Sir, I welcome this amendment, though I must confess I am not quite satisfied with it. The limitation of the amount to Rs. 100 is too paltry and insignificant and would only affect a very infinitesimally small number of partnerships. The reason which has been given by the Honourable learned Law Member is that he has followed the provision of the Transfer of Property Act which provides that all transfers of immoveable property exceeding Rs. 100 would require registration ; and on that analogy this amendment has been made. This Council is aware that the jurisdiction of all the small cause courts in various presidencies extends

[Sir Maneekji Dadabhoy.]

up to Rs. 2,000. There was a great deal said in the other House that this clause will prejudicially affect numerous small partnerships and would cause considerable hardship. I am led to believe that there is much of sense and cogency in that argument and I should have been personally glad if the Honourable Law Member had at least raised his figure to Rs. 500. Though in a way ostensibly this amendment is supposed to give some relief, as a matter of fact in my humble opinion it will not give any adequate or even relief of substantial value. However, as I see that this Act is to be passed to-day I would only request my Honourable friend to reconsider this matter, whether it would not be proper and just to give this measure of relief to partnerships which do not exceed Rs. 500. There are numerous cases in villages, in out of the way towns, where small partnerships enforcing contractual obligations do exist and this amendment, as it is worded, will not give a substantial measure of relief.

THE HONOURABLE SIR BROJENDRA MITTER: Sir, I would ask the House to accept this amendment and I give this assurance. It is a new provision which we are introducing into the law of partnership, that is the provision for registration, and if in actual operation any these clauses are found to be oppressive I shall take the earliest opportunity to bring in an amending Bill. Being a new matter, we have to go by a certain standard. The standard which we have adopted is, to my mind, appropriate. If this standard is found to be too low, I shall have no hesitation in raising it; but I wish the Act to be in operation for some little time to see its effect.

MR. CHAIRMAN: The question is that the following amendment be adopted:

"For sub-clause (f) of clause 69, the following sub-clause be substituted, namely:

'(4) This section shall not apply—

- (a) to firms or to partners in firms which have no place of business in British India, or whose places of business in British India are situated in areas to which, by notification under section 55, this Chapter does not apply, or
- (b) to any suit or claim set-off not exceeding one hundred rupees in value which, in the Presidency towns, is not of a kind specified in section 19 of the Presidency Small Cause Courts Act, 1882, or, outside the Presidency towns, is not of a kind specified in the Second Schedule to the Provincial Small Cause Courts Act, 1887, or to any proceeding in execution or other proceeding incidental to or arising from any such suit or claim."

The motion was adopted.

Clause 69, as amended, was added to the Bill.

Clauses 70, 71, 72, 73 and 74 were added to the Bill.

Schedules I and II were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR BROJENDRA MITTER: Sir, I move that the Bill to define and amend the law relating to partnership, as passed by the Legislative Assembly and as amended by this House, be passed.

The motion was adopted.

INDIAN COMPANIES (SUPPLEMENTARY AMENDMENT) BILL.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, I move that the Bill to amend the Indian Companies (Amendment) Act, 1930, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.

This Bill, Sir, proposes to make a very slight alteration in the law. The Indian Companies (Amendment) Act of 1930 amended the Indian Companies Act of 1913 in respect of one matter, namely, regulations for the registration and for the grant of certificates to accountants enabling them to audit the accounts of public companies. That Act, Sir, introduced a new provision which enabled firms of accountants to audit the accounts of public companies as firms in their firm names. But as under this law all accountants must hold certificates from the Governor General in Council to enable them to conduct those audits, it was provided that before a firm could be allowed to audit the accounts of a public company all the partners of that firm must hold certificates. While the Government of India were drawing up the statutory rules which have to be framed under this Act it was brought to their notice that certain firms of accountants have partners who never come to India at all. It was never the intention that such firms should be debarred from auditing the accounts of public companies in their firm names, and this Bill therefore proposes to set right what was really an oversight by substituting for the condition that all partners of a firm must hold certificates the condition that all partners practising in India must hold certificates. All I think I need add is that the Act of 1930, which has not yet come into force, will be brought into force very shortly, so that this amendment is being made in good time. Sir, I move.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. C. B. DRAKE: Sir I move that the Bill to amend the Indian Companies (Amendment) Act, 1930, for a certain purpose, as passed by the Legislative Assembly, be passed.

The motion was adopted.

EMPLOYERS AND WORKMEN (DISPUTES) REPEALING BILL.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I move that the Bill to repeal the Employers and Workmen (Disputes) Act, 1860, as passed by the Legislative Assembly, be taken into consideration.

Sir, it will not be necessary for me to speak at any length about this Bill. Indeed I think the best argument in favour of this Bill will be to recite very briefly the provisions of the Act which we have to repeal. That Act is an old Act of 1860 which can be applied to disputes between employers and workmen employed on the construction of railways, canals and other public works. It is limited to cases where the amount in dispute does not exceed Rs. 200. It enables a specially invested magistrate to decide such cases summarily. It provides that there shall be no appeal against the magistrate's decision. The magistrate is empowered to fine any

[Mr. J. A. Shillidy.]

workman who fails to work in accordance with his contract up to a sum of Rs. 20 or, if a petition to that effect is presented to him to order a workman to perform a work in accordance with his contract, and, if the workman fails to do so, to sentence him to simple imprisonment up to two months. In other words, these civil disputes were taken out of the civil law and brought under the criminal law. The question was examined by the Labour Commission who recommended that the Act should be entirely repealed. It will, I think, be generally agreed that the provisions of the Act are not in accordance with modern methods or modern sentiment. Also, I would remind the House that, so far as disputes on public utility services are concerned, we have in existence the Trades Disputes Act. Sir, I move.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. A. SHILLIDY: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

WHEAT IMPORT DUTY (EXTENDING) BILL.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, I move that the Bill to extend the operation of the Wheat (Import Duty) Act, 1931, as passed by the Legislative Assembly, be taken into consideration.

Last September, Sir, in speaking on a Resolution moved by my Honourable friend, Khan Bahadur Chaudhri Muhammad Din, I said that it was the intention of Government that, if no material change took place in the situation, it would be necessary to continue the operation of this Wheat (Import Duty) Act. The Act itself, Sir, I think requires very little explanation from me but the House might possibly like to hear what kind of change in the situation would in the opinion of Government alter that intention of which I spoke. The object of this Act was explained last year to be the preservation for wheat grown in India of a certain market in and near the port areas which, owing to the comparative level in prices, was being supplied by foreign wheat, displacing to that extent Indian wheat. The duty was completely effective in that it kept out all imports of foreign wheat. One change that might conceivably have come over the situation therefore would be that the comparative levels of prices, that is to say of the world price of wheat and the internal price of wheat, had so changed that there was no further fear of any imports of this Australian wheat. But there was also another matter in regard to which Government had to watch the situation and that was, as was explained to this House before, that if the supplies of wheat in India were found to be not so great as was at one time thought and if there were signs of any surplus that did exist being absorbed, there was a danger that with a high import duty upon foreign wheat prices would rise to a point where Government would find it necessary to take action in the interests of the consumer. Well, now, Sir, in regard to these two points, I might just say this. Taking the second one first—what has happened since last September is that, as Honourable Members are no doubt aware, a

considerable improvement has taken place in the internal price of Indian wheat. Taking the price f. o. r. at Lyallpur as the basis, the price was in the neighbourhood of Rs. 1-9-0 a maund at the end of September and had risen to about Rs. 2-10-0 a maund by the end of December. Since then, there has been a slight set-back and the latest quotation which I have seen is about Rs. 2-4-0 to Rs. 2-5-0 a maund. At the same time, the world price has risen, and as an indication of that the price of South Australian wheat in London, which was about 24 shillings a quarter at the end of last September, rose as high as 31 shillings a quarter in the first week of November and, after falling to 26 shillings in January, has again risen to 28 or 29 shillings a quarter. Well, Sir, it is quite unnecessary for me to enter into any discussion of the relation which these two sets of prices bear to one another. The point with which I am concerned is that the price has not risen, in the opinion of Government, to a point where it would be necessary for them to remove or reduce the import duty in the interests of the consumer. The internal price of wheat is still a good deal lower than the pre-war average, let alone the price which obtained in 1929. As regards the other point, Sir, the course of prices has been very carefully watched and it is not possible for Government to say to-day that if this duty were removed there would be no likelihood of Australian wheat being imported into India. Conditions therefore are such that Government consider the continuance of this duty to be necessary.

As regards the details of the Bill, I need only point out that the main clause is clause 2 which extends the operation of the existing Act for one year from the 1st April next. Clause 3 repeals section 3 of the Act, under which wheat imported in accordance with contracts made before a certain date was exempted from the payment of duty. As I informed the House last September, it was never the intention of Government to repeat any exemption of that kind if the operation of the Act were extended and as it is practically certain that all those old contracts made before the 31st March, 1931, are exhausted, the continuance of that provision is no longer necessary. That, Sir, is all I have to say on the Bill. Sir, I move.

The motion was adopted.

Clause 3 was added to the Bill.

Clauses 2 and 1 were added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. C. B. DRAKE: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) AMENDMENT BILL.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I move that the Bill to amend the Indian Finance (Supplementary and Extending) Act, 1931, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.

Sir, I need not take up much of the time of the House on this Bill which possesses one virtue which perhaps is a rare feature of Income-tax Bills that it is largely for the benefit of the assessee. Since the taxable limit was lowered

[Mr. A. F. L. Brayne.]

from Rs. 2,000 to Rs. 1,000 in the Finance Bill, some 350,000 new assesseees have been added; that is to say, the number of assesseees has been almost doubled, and it is obviously desirable that some procedure should be devised partly for the convenience of the assesseees and partly to facilitate the disposal of business and to prevent heavy expenditure on additional establishment which would have been necessary if the ordinary and very detailed procedure were followed. A similar provision existed in the Act of 1918, but there is this difference in the present case that whereas in 1918 it was only necessary to publish the notice of assessment, at present we propose that the notice should be directly served on the assessee because it is felt that mere publication is not quite fair in so far as the assessee may not have notice of it. I would emphasise to the House that this measure is in no way compulsory. It is open to any assessee to ask that his assessment should be fixed according to the ordinary procedure. The matter is entirely in his hands. Another feature of the Bill is that it is purely provisional. It appears as an amendment of the Finance Act of 1931 and will be in force only so long as that Act is in force. If it so appears that it is necessary and desirable to extend the provision, it will be included in the regular Income-tax Act. As therefore the Bill is voluntary and provisional and for the benefit of the assessee and makes for economy in the administration, I hope that this House will be able to accept it. Sir, I move.

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

CODE OF CIVIL PROCEDURE (AMENDMENT) BILL.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, I move that the Bill further to amend the Code of Civil Procedure, 1908, for a certain purpose, be taken into consideration.

Sir, this Bill provides for a procedure to be adopted when foreign courts require the evidence of witnesses in India. There is no such provision in our Civil Procedure Code now, and in order to fill this lacuna this Bill has been brought forward. It is fully explained in the Statement of Objects and Reasons and I need not take up the time of the House any longer. Sir, I move.

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR BROJENDRA MITTER: Sir, I move that the Bill be passed.

The motion was adopted.

WIRE AND WIRE NAIL INDUSTRY (PROTECTION) BILL.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, I move that the Bill to provide for the fostering and development of the wire and wire nail industry in British India, as passed by the Legislative Assembly, be taken into consideration.

This Bill, Sir, is the outcome of an enquiry held by the Tariff Board last year. There is, however, an earlier history attached to the relations of the wire and wire nail industry with Government and the Legislature which those Honourable Members who have taken an interest in the subject will see is given in paragraph 2 of the Tariff Board's present Report. It will be as well, perhaps if I explain very briefly that the wire and wire nail industry depends upon the use of a raw material known as wire rod. Wire rod is actually soft steel rod of a size known as No. 5 gauge. The wire and wire nail industry has hitherto been relying upon imported wire rod as its raw material. In connection with the first enquiry into the Steel Industry made by the Tariff Board in 1924, the Board recommended that a duty of Rs. 60 a ton should be placed upon wire and wire nails on the assumption that this wire rod, which is the raw material of the industry, would be obtainable shortly from the Tata Iron and Steel Company. The Government and the Legislature accepted that recommendation and that duty was imposed, and at the same time a protective duty was imposed upon this wire rod. In 1925 the matter came before the Tariff Board again, and they found that actually no wire rod had been supplied to the wire and wire nail industry by the Iron and Steel Company and as the statutory enquiry into the Steel Industry was to take place in the following year, that is, in 1926, they recommended that the question should be considered whether this protection which had been given to the wire and wire nail industry should not be withdrawn on the ground that the industry was not using an indigenous raw material, the use of an indigenous raw material being one of the main conditions laid down by the Indian Fiscal Commission as requiring to be satisfied by an industry seeking protection. At the same time the Tariff Board recommended that the protective duty upon this wire rod should be withdrawn and the ordinary revenue duty of 10 per cent. *ad valorem* should be substituted for it. Those recommendations were accepted. Again in 1926, in the course of the statutory enquiry into the Steel Industry, once more, for the third time, the case of this industry was examined and it was found that the industry was still unable to obtain its raw material in the country and was still relying upon imported rod. But shortly before the Tariff Board reported, the existing industry, which was represented by one firm known as the Indian Steel Wire Products, had gone into voluntary liquidation. The result was that when the Board came to report there was no industry to protect, and they recommended that the protective duty of Rs. 60 a ton on wire and wire nails should be withdrawn. The assets of the original Company were then bought in 1927 by the present proprietor, and he began to manufacture wire and wire nails early in the year 1928. In 1930 he submitted an application for protection, for an inquiry by the Tariff Board into his claim for protection, and—this is the important point—the main ground upon which he based his application was that he proposed to make wire rod in India himself. The raw material of this industry is in a somewhat peculiar position. We have plenty of steel in India and we have plenty of steel of the right quality, but we have not got steel of the right size. In other words, it has not been found possible as yet for the Tata Iron and Steel Company to roll their steel billets

[Mr. J. C. B. Drake.]

into rod of the required size to enable wire and wire nails to be made from it. The present proprietor of the Indian Steel Wire Products Company proposes to install the necessary machinery for that purpose, to use Indian steel and to roll it down to the size required and produce his wire and wire nails from it. That, Sir, is the basis of the proposals which are now before the House.

Now, in going into the merits of the case before them the Tariff Board came to certain findings which I think may be summarised as follows. Dependence on imported raw material still disqualifies the wire and wire nail industry from substantive protection. Secondly, there is good reason to believe that if tariff assistance is given now the industry will be able in about two years to qualify for substantive protection. Thirdly, the case for substantive protection should be examined in the course of the next statutory inquiry into the iron and steel industry, which must take place under the law before March, 1934. And lastly, in the meantime a moderate protective duty should be placed upon wire and wire nails in order to save this industry from collapsing before it is possible for it to establish a claim to substantive protection. The proposal therefore is not the ordinary proposal for substantive protection. It really amounts to a proposal to erect a low tariff wall for a short period behind which the industry can shelter while it is enabling itself to satisfy the conditions precedent to protection by producing its own raw material. It is necessary for me to make quite clear the fact that by passing this Bill the Government and the Legislature are not committed to the grant of full substantive protection to the wire and wire nail industry. The intention is that when this statutory inquiry takes place, as it must, actually, in 1933, the Tariff Board, or whatever agency makes the inquiry, will then go into the merits of the whole case and decide whether, in accordance with the principles laid down by the Fiscal Commission, this industry satisfies the conditions required to establish a claim to protection. On the other hand, what the Government feel is this, that a great deal of money has been put into this industry, it satisfies an important need, and if it does collapse, as it appears likely to do if it receives no assistance, then it is extremely unlikely that that industry will ever be started again, or at any rate for a number of years. Equally, the Tariff Board have gone as far as they could very carefully into the manufacturing conditions of this industry and they saw reason to believe that if its raw material can be obtained in India this branch of manufacture can be developed on sound economical lines. That is all I want to say on the Bill generally.

As regards the clauses, the main operative clause is No. 2 and the second item in the Schedule which impose a duty of Rs. 45 a ton on wire and wire nails, omitting certain classes in which the Indian industry is not interested. Clause 3, which was introduced on the recommendation of the Select Committee, exempts the proposed new duty from the operation of the revenue surcharge imposed by the last Finance Act.

The only other points to which I should like to draw the attention of the House are these. As the result of the deliberations in Select Committee it was recommended that Government should satisfy themselves that the manufacturer of wire and wire nails was actually taking steps to render himself independent of foreign raw materials. And the other point is that it was recommended also that Government should undertake an examination of the question whether any other kinds of wire besides those specifically exempted by the Bill should be exempted on the ground that a duty on them would mean a burden on the consumer without it being of any real benefit to the Indian

industry. Both those recommendations have been accepted by the Government and if this measure passes into law the necessary inquiries will be made under both heads. Sir, I move.

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Schedule was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. C. B. DRAKE : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Tuesday, the 1st March, 1932.

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SEC. 1
COUNCIL OF STATE.

Tuesday, 1st March, 1932.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable Mr. G. S. Khaparde, Chairman, in the Chair.

QUESTIONS AND ANSWERS.

BALLY BRIDGE.

43. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
(a) Will Government be pleased to state whether the provincial Government of Bengal has contributed any sum towards the expenses for the construction of the Bally Bridge in Bengal ?

(b) Was the construction done entirely at the expense of the Government of India ?

(c) Will Government be pleased to state what was the total cost of the construction of the Bally Bridge ?

(d) Will Government be pleased to state the names of the expert or experts whose plan of the said Bridge was accepted by Government ?

(e) What amount had Government to pay as fees or remuneration to the plan-maker or makers ?

(f) Was any tender called for the plan of the said Bridge ?

(g) If the answer to (f) is in the affirmative, will Government be pleased to state if there were any Indian expert or experts who submitted their plan for this Bridge ?

(h) Was there any plan submitted by the Consulting Engineers of the Government of India, Messrs. Rendel, Palmer and Tritton of London ?

(i) Will Government be pleased to state what amount the Government of India pays annually to this firm, Messrs. Rendel, Palmer and Tritton of London, as Consulting Engineers to the Government of India in respect of Railway matters ?

(j) Will Government be pleased to state with what object in view the Bally Bridge has been constructed and what special benefit and advantage the public will derive from it ?

(k) Will Government be pleased to state to what extent steels, girders, frames and other materials required in the construction of the Bally Bridge were supplied by any Indian firm ?

(l) Was there any tender called for the supply of the above mentioned materials, especially rails, bolts, nuts, etc. ? If not, why not ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) Yes. The Bengal Government are contributing Rs. 34.62 lakhs.

(b) Yes, except to the extent of the Bengal Government's contribution.

(c) The total cost of the Bally Bridge is estimated to be Rs. 354.59 lakhs, inclusive of the roadways and footpaths.

(d) and (h). The plans for the Bally Bridge were drawn up by the Engineer-in-Chief of that project, Mr. A. Johnstone, in direct consultation with the Consulting Engineers, Messrs. Rendel, Palmer and Tritton. The latter designed most of the details of steel work in the girders and wells in conformity with these plans.

(e) Nothing.

(f) No.

(g) Does not arise.

(i) The Consulting and Inspecting Engineers receive £7,800 a year as remuneration for their services to the Government of India and Provincial Governments as a whole and in addition certain actual costs incurred by them in connection with the work for Governments in India. It is not possible to say exactly how much of this expenditure is borne by railway revenues since the recovery from those revenues is made through the charges for stores.

(j) The main objects were as follows. Firstly, to avoid having to construct works, such as the quadrupling of the Ondal-Khana Section and the Howrah-Burdwan Chord, and the strengthening of the Jubilee Bridge at Naihati, which would to a large extent be thrown out of use by the construction at the Bally Bridge if carried out at a later date. Secondly, to remove the danger of having the whole of the East Indian Railway communications with the docks and Calcutta dependent on a single line of communication over the Jubilee Bridge at Naihati. Thirdly, to speed up the coal traffic to the docks, as strongly recommended by the Coal Committee.

(k) Practically all the steel work for the Bally Bridge including girders, caissons, curbs and rails, was manufactured and fabricated by firms in India.

(l) Tenders for the steel work were called for. Rails were supplied by Tatas under a standing contract with Government.

APPOINTMENT OF INDIANS AS COMMISSIONED OFFICERS IN THE ROYAL INDIAN MARINE.

44. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: (a) Will Government be pleased to state if facilities are given to Indians for training in the Royal Indian Marine Service?

(b) If so, how many Indian cadets are there in the Royal Indian Marine Service and since when are Indians being taken in the Royal Indian Marine Service?

(c) If the answer to (a) is in the negative, will Government be pleased to state why Indians are not given training in the Royal Indian Marine Service?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a), (b) and (c). Indians are eligible for appointment as commissioned officers in the Royal Indian Marine, and since the re-organisation of the Service in 1928 one-third of the appointments have been reserved for Indians. The first Indian officer of the Service was appointed in 1928 and the second in 1931. Since June, 1929, four open competitive examinations for admission to the Service have been held, in addition to two special examinations confined to cadets of the

Indian Mercantile Marine Training Ship "Dufferin". On the results of these examinations three candidates have been selected for admission to the executive branch and four for the engineer branch. Three candidates are now under training in England and four will shortly proceed there.

NUMBER OF INDIAN CADETS UNDERGOING TRAINING ON BOARD THE INDIAN MERCANTILE MARINE TRAINING SHIP "DUFFERIN".

45. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: Will Government be pleased to state how many Indian cadets are in training in the Mercantile Marine Service on board H. M. S. "Dufferin" in Bombay Port?

THE HONOURABLE MR. J. C. B. DRAKE: The total number of cadets at present undergoing training on board the Indian Mercantile Marine Training Ship "Dufferin" is 96.

PROSPECTS OF OBTAINING EMPLOYMENT IN THE MERCANTILE MARINE OF EX-"DUFFERIN" CADETS.

46. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: (i) Will Government be pleased to state the number of Indian cadets with their nationalities in the different years of their training, recruited by competitive examination, from each of the following provinces:—Bombay, Bengal, Madras, United Provinces, the Punjab, Bihar and Orissa, Assam and the Central Provinces?

(ii) Will the Indian cadets after finishing their training be eligible for such posts as Second or Third Officer on board sea going vessels?

(iii) Will Government be pleased to state what sort of posts these Indian cadets are likely to have after completing their course of training on board H. M. S. "Dufferin"?

(iv) Will Government be pleased to state why Bombay has been selected for the training of the Indian cadets? What special advantages does Bombay possess for this training?

THE HONOURABLE MR. J. C. B. DRAKE: (i) A statement is laid on the table giving the information desired.

(ii) and (iii). No. For the posts in question it is usually necessary to possess a certificate of competency as First or Second Mate, and this involves a minimum of three years' sea-service after the completion of a cadet's training, and also the passing of the prescribed examinations. Full particulars regarding the qualifications necessary for appointment as an executive officer of a ship and the prospects of ex-"Dufferin" cadets of obtaining employment in the mercantile marine are given on pages 4—6 of the prospectus of the Indian Mercantile Marine Training Ship "Dufferin," a copy of which is available in the Library of the House.

(iv) Bombay was selected on the recommendation of the Indian Mercantile Marine Committee. The reasons for considering Bombay to be the most suitable port for the location of the Training Ship are stated in paragraph 12 of the Committee's Report to which the attention of the Honourable Member is invited.

Statement showing the number and nationality of cadets in the different years of their training on the Indian Mercantile Marine Training Ship "Dufferin" belonging to different provinces.

Name of Province.	1930.							1931.							1932.													
	Hindus.	Muhammadians.	Anglo-Indians.	Indian Christians.	Parsees.	Sikhs.	Burmans.	Jews.	Total.	Hindus.	Muhammadians.	Anglo-Indians.	Indian Christians.	Parsees.	Sikhs.	Burmans.	Jews.	Total.	Hindus.	Muhammadians.	Anglo-Indians.	Indian Christians.	Parsees.	Sikhs.	Burmans.	Jews.	Total.	
Bombay	4	...	1	1	3	...	...	...	9	1	...	3	3	1	1	...	...	8	3	...	2	1	2	...	...	...	1	9
Bengal	1	...	...	...	...	...	...	...	1	...	1	...	...	...	...	...	...	1	...	...	1	...	...	...	...	...	...	1
Madras	1	...	2*	...	...	...	...	...	3	4	...	3	...	...	...	...	...	7	...	...	4	1	...	...	...	...	5	
United Provinces	5	2*	1	1	...	...	...	...	9	4	1	3	...	...	...	...	...	8	3	...	1	...	...	...	...	...	...	4
Punjab	2	1	...	...	...	...	...	...	3	1	...	...	...	...	2	...	...	3	3	1	...	...	...	...	...	...	...	5
Bihar and Orissa	...	...	1	...	...	...	...	...	1	...	...	...	...	...	...	...	...	...	...	...	1	...	...	...	...	...	...	1
Assam	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Central Provinces	...	...	...	...	...	...	...	...	...	...	...	...	1	...	...	...	...	1	...	...	...	...	...	...	...	...	...	...
Other places	3	1	1	2	...	...	1+	...	7	1	1	1	...	...	1	1	...	5	...	...	4	3	...	1	1	...	8	
Total	15	4	6	4	3	...	1	...	33	11	3	10	3	1	4	1	...	33	8	1	13	4	3	1	1	...	33	96
									30									33										

* One of these left the ship in 1930.

† Left the ship in 1930.

APPOINTMENT OF INDIANS TO THE PILOT SERVICES IN INDIA.

47. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: (i) Will Government be pleased to state if Indians are taken in the Pilot Services in India? If not, why not?

(ii) Will Government be pleased to state if they have any scheme of Indianising the Pilot Services in India?

THE HONOURABLE MR. J. C. B. DRAKE: (i) Indians are appointed to the Bengal Pilot Service which is the only Pilot Service in India under the direct control of Government. As regards other Pilot Services in India there is no bar to the appointment of Indians provided they possess the requisite qualifications.

(ii) The rules for the appointment of candidates to the Bengal Pilot Service provide that preference shall be given to candidates who have passed through the Indian Mercantile Marine Training Ship "Dufferin." Appointments are made in England only when the Governor General in Council has been unable to make suitable appointments in India.

THE HONOURABLE SIR PHIROZE SETHNA: How many Indians are there in the Bengal Pilot Service at present.

THE HONOURABLE MR. J. C. B. DRAKE: I am afraid I have not that information, Sir, ready to hand. If the Honourable Member cares to put down a question I shall be very happy to give the information.

PROVISION OF BATHROOMS IN INTERMEDIATE AND THIRD CLASS CARRIAGES.

48. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: (1) Will Government be pleased to state whether there is any arrangement for bathroom, washing and lavatory in the intermediate and third class compartments of Railways, for passengers travelling long distances?

(2) If the answer is in the negative in respect of bathroom and arrangement for washing, will Government be pleased to state whether they are going to take steps to supply these wants?

THE HONOURABLE MR. J. C. B. DRAKE: (1) Bathrooms are not provided in either intermediate or third class compartments: but in both classes of compartments lavatories are provided, and a tap for washing purposes.

(2) Government do not propose to provide bathrooms in intermediate and third class carriages. The Honourable Member is perhaps not aware that India is about the only country in which bathrooms are provided in ordinary first class carriages and railways could certainly not afford to provide them for the other classes. I understand that some railways are, as an experiment, fitting wash basins in the lavatories of some intermediate class compartments.

'DATE ON WHICH THE INCREASED RATES ON POSTCARDS AND ENVELOPES CAME INTO FORCE.

49. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: (1) Will Government be pleased to state the precise date from which the newly increased rates of postcards and envelopes under the provisions of the latest Supplementary Finance Act, have come into force?

(2) Is it a fact that the Dacca General Post Office was charging the enhanced rates for postcards and envelopes from the 15th of December, 1931 although postcards and envelopes with old rates were found in circulation upto 31st December, 1931? If the answer is in the affirmative will Government be pleased to state as to how this anomaly happened in Dacca?

THE HONOURABLE MR. J. A. SHILLIDY: (1) The 15th December, 1931.

(2) Government have no definite information that envelopes stamped at the old rates were found in circulation up to 31st December, 1931. For a short time after the introduction of the revised postage rates, postcards prepaid at old rates were permitted, as a special case, to be delivered.

RENT PAID FOR THE BUILDING OCCUPIED BY THE OFFICE OF THE
ACCOUNTANT GENERAL, BOMBAY.

50. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: (1) Is it a fact that the Accountant General's Office in Bombay is located in a rented house?

(2) If so, what is the exact rent of the house?

(3) What was the rent of the house from 1922 to 1930?

(4) Will Government be pleased to state since how long the Accountant General's Office in Bombay has been located in a rented house? Where was the Accountant General's Office, Bombay, before it came to the present rented building and why was it shifted?

(5) Does the provincial Government of Bombay contribute any sum towards the rent of the Accountant General's Office, Bombay?

THE HONOURABLE MR. A. F. L. BRAYNE: (1) Yes.

(2) The rent has been Rs. 6,200 per mensem since 1st December, 1930.

(3) Rs. 10,000 per mensem from 1st December, 1923 to 30th November, 1930. Prior to 1st December, 1923, the office was located in the Bombay Government Secretariat and a rent of Rs. 8,700 per mensem was paid to the Local Government.

(4) (a) Since 1st December, 1923.

(b) In the Bombay Government Secretariat building.

(c) The Accountant General's Office was moved to a rented building because the Government of Bombay required the portion of their building occupied by the Accountant General for accommodating their own Ministers, additional officers and establishment who came into existence under the last Reforms Scheme.

(5) The Government of Bombay contribute Rs. 331-9-0 per mensem on account of the space occupied by the Local Audit Department.

RETRENCHMENT OF ASSISTANTS AND CLERKS IN THE OFFICE OF THE
ACCOUNTANT GENERAL, BOMBAY.

51. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: Will Government be pleased to state if there has been any retrenchment of assistants and clerks in the Accountant General's Office, Bombay? If so, will Government be pleased to state their number with their nationalities?

THE HONOURABLE MR. A. F. L. BRAYNE: Yes. The number retrenched or proposed to be retrenched and their nationalities are as follows:

3 Superintendents	Hindus.
26 Clerks	Hindus.
3 Clerks	Parsees.
4 Clerks	Indian Christians.

TOTAL NUMBER OF PERSONS UNDERGOING IMPRISONMENT IN CONNECTION
WITH THE CIVIL DISOBEDIENCE MOVEMENT.

52. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Rai Bahadur Lala Jagdish Prasad): What is the total number of persons imprisoned in India up till now in connection with the civil disobedience movement since the restart of the movement?

THE HONOURABLE MR. H. W. EMERSON: The total number of convicted persons serving sentences in jail in connection with the civil disobedience movement on the 31st January, 1932, was 12,111. This excludes figures for Madras Presidency which are approximately 750.

In addition 2,753 persons were detained in jail on the same date under section 3 of Ordinance No. II of 1932.

INCREASE IN THE RATE OF THE PASSENGER TAX LEVIED IN THE
HARDWAR MUNICIPALITY.

53. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Rai Bahadur Lala Jagdish Prasad): (a) Is it a fact that the Government of the United Provinces sent up to the Government of India a proposal recommending an increase in the rate of the passenger tax levied in the Hardwar Municipality (District Saharanpur) for the sake of financing schemes relating to the improvement of the town of Hardwar?

(b) If so, when was the proposal received by the Government of India?

(c) What decision, if any, have the Government of India taken in the matter?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: (a) Yes.

(b) In March, 1931.

(c) The matter is still under consideration. Further information has been called for from the Local Government.

RECOMMENDATIONS OF THE DRUGS ENQUIRY COMMITTEE IN REGARD
TO QUININE.

54. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Rai Bahadur Lala Jagdish Prasad): (a) Is it a fact that the Drugs Enquiry Committee has in its report drawn attention to the utter inadequacy of the supply of quinine in India and to the necessity of extending the cultivation of the species of cinchona best suited to the Indian climate, on a sufficiently large scale, to make India self-supporting with regard to cinchona alkaloids?

[1st MAR. 1932.]

(b) Is it a fact that according to Sir Patrick Hehir nearly one million lbs. of quinine are required to meet the minimum needs of India?

(c) Is it also a fact that according to Dr. Charles Bentley, Director of Public Health, Bengal, 100,000 lbs. of quinine must be consumed in Bengal alone before any appreciable effect could be shown?

(d) Is it a fact that the two State-owned factories in India between them produce only about 70,000 lbs. of quinine?

(e) Is it a fact that 198,228 lbs. of quinine was imported into India from abroad in 1928-29?

(f) Has it been estimated that in India there are 100 million untreated sufferers from malaria and that only eight million receive partial or complete treatment?

(g) Is it a fact that the Committee is of opinion that if free use of cinchonidine and cinchonine is advocated the problem of making India self-supporting in the matter of treatment of malaria would be made quite easy to solve in a few years?

(h) Do the Government of India intend to arrange cinchona cultivation on a much extended scale or what other steps, if any, do they propose to take with a view to make India self-supporting in the matter of supply of quinine?

THE HONOURABLE SIR FAZL-I-HUSAIN: (a)–(d), (f) and (g). Yes.

(e) No, the amount imported was 133,795 lbs.

(h) The recommendations of the Drugs Enquiry Committee in regard to quinine and the other alkaloids of cinchona bark have been referred to the Governments of Madras and Bengal, which are the only Provincial Governments owning cinchona plantations, for opinion. On receipt of their replies the question will be further considered.

FOSTERING AND DEVELOPMENT OF INDIAN INDUSTRIES ON THE LINES OF THE "BUY BRITISH" CAMPAIGN IN ENGLAND.

55. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Rai Bahadur Lala Jagdish Prasad): (a) Has the attention of Government been drawn to the "Buy British" campaign in England?

(b) Is it the intention of the Government of India to consider the advisability of starting some such similar campaign in this country in the interests of fostering and development of indigenous industries in India?

THE HONOURABLE MR. J. A. SHILLIDY: (a) Yes.

(b) The fostering and development of Indian industries is ordinarily a provincial subject. The Government of India have directed their policy, in respect of stores purchase and other matters, with the express object of encouraging Indian industries, and the Honourable Member may have observed that the Post Office has been endeavouring for some years to familiarize the public with the motto "Support Indian Industries."

RESOLUTION *RE* IMMEDIATE INTRODUCTION OF PROVINCIAL AUTONOMY.

THE HONOURABLE SIR SANKARAN NAIR (Madras: Nominated Non-Official): Sir, I move that:

"This Council recommends to the Governor General in Council to request the Secretary of State for India to take such steps as may be possible to introduce immediately provincial autonomy into all the provinces or at least in such provinces as are in his opinion fit for the same."

Sir, the scheme of government now prevailing in the provinces and what is usually called dyarchy was intended to be and admitted to be only a transitory stage to lead to a unitary government or provincial autonomy. The question has recently been examined by the Simon Commission as the Government of India pointed out almost all the provinces were for a great advance towards provincial autonomy. The Government of India itself was of that opinion; those who wish to refer to it will find it in the Despatch* of the Government of India on pages 17 and 18. I refer to it because I do not wish to say anything about my own Committee. The Government say there:

"We agree with the Commission that the time has come to remove the boundaries set up between the compartments of which Ministers may take charge and those from which they are excluded".

Then they say—"To reserve law and order"—because that is the one point on which there was a great difference of opinion, many people insisting that law and order should be reserved in the hands of Government—then they say:

"To reserve law and order would be to concentrate attack on the most delicate part of the machinery. The arguments in favour of transfer have been authoritatively and to our minds, conclusively stated by the Statutory Commission and the Indian Central Committee".

Then they say:

"On the main issue that a great step forward should be taken the unanimity of the provincial Governments is complete".

So far the Government of India. The Central Committee recommended it. The Simon Commission recommended it. Now, when it went to the Cabinet in England, the Prime Minister is equally clear. It will be found on page 113 of the Report.† He says there:

"We are all agreed that the Governors' provinces of the future are to be responsibly governed units, enjoying the greatest possible measure of freedom from outside interference and dictation in carrying out their own policies in their own sphere".

Then as to carrying it out he says there will be no great difficulty. He says‡:

"It is equally plain that the framing of a scheme of responsible government for the provinces would be a simpler task which could be more speedily accomplished. The adjustments and modifications of the powers now exercised by the Central Government which would obviously have to be made in order to give real self-government to the provinces should raise no insuperable difficulties".

*Paragraph 22 of Government of India, Reforms Office Despatch to the Secretary of State, No. 1, dated the 20th September, 1930.

†Indian Round Table Conference (Second Session), statement made by the Prime Minister on 1st December, 1931, paragraph 8.

‡Ibid., paragraph 11.

[Sir Sankaran Nair.]

What was it then that stood in the way? The Prime Minister states* it:

"It has therefore been pressed upon the Government that the surest and speediest route to Federation would be to get these measures in train forthwith, and not to delay the assumption of full responsibility by the provinces a day longer than is necessary".

Then he gives the answer*:

"But it is clear that a partial advance does not commend itself to you. You have indicated your desire"—(I suppose he means really the Indian Delegation)—"you have indicated your desire that no change should be made in the constitution which is not effected by one all-embracing Statute covering the whole field, and His Majesty's Government have no intention of urging a responsibility which, for whatever reasons, is considered at the moment premature or ill-advised".

That then is the real reason—that is, the opposition of the Indian Delegation there. But the Prime Minister adds this warning*:

"It may be that opinion and circumstances will change, and it is not necessary here and now to take any irrevocable decision".

Clearly enough he saw that it is possible that circumstances may change, that conditions might come into existence which might require a reconsideration of the problem. I am not now concerned with the question—at any rate whether I am concerned with the question or not, I do not now propose to examine the question whether the Indian Delegation were right at that time in insisting that provincial autonomy by itself should not be taken into consideration, that the whole thing should form part of one scheme. I accept it. I accept also the fact that since all of them had made up their minds at that time, the Prime Minister, the Indian Delegation and moreover the admitted and well-known friends of India like Mr. Wedgwood Benn and Professor Lees-Smith, they had all accepted this decision that there should not be anything like provincial autonomy at that time, the burden of responsibility falls upon me to show why we should reopen and consider that question. Rightly or wrongly they settled it so at that time. Why then, instead of waiting for some time more, should I be impatient or should the Council be impatient to ask the Government now to reverse that decision and to go on with the scheme of provincial autonomy at once? The reasons are two-fold. First of all, I cannot disguise from myself the fact that responsibility at the centre for the purpose of framing a scheme of government for the whole of India will take some time—a few years, may be two or three years—that is what everybody hopes for—it may be more than that; half a dozen years or it may be never. By "never" I mean not within any reasonable period of time, because conditions are arising from day to day in addition to the difficulties pointed out by the Prime Minister and the Secretary of State that already exist that make it recede from our vision day by day. I have that in my view. The other reason which I have is that conditions in India have entirely changed since that decision was adopted. At that time there was no civil disobedience movement. Now there is a civil disobedience movement. Let us see how it has altered the situation; let us see whether it has any bearing upon this question. I think it has got a decisive bearing on this question. You find now that almost all the Congress leaders are in jail. Men like Gandhi and other leaders of the Congress movement are in jail. The Congress are

holding aloof from the Government. Not only are many in jail, but there is a rush now to go to jail. Young girls are going to jails. What class of girls are going to jails? You find amongst them the families of the old rulers of the country now drawing *malikhana*s represented. You find amongst them descendants of men whose names are well-known in Indian history, men like the late Sir T. Madhava Rao and others. You find amongst them persons closely related to men holding very high appointments in the country. You find all of them going to jail; others waiting to be appointed "dictators," applying to be appointed "dictators" simply for the sake of going to jail. You find amongst them the highest class of Brahmans, men to whom the mere shadow of a man of another caste is pollution. They are applying to the Congress committees and are waiting to be arrested, men who have never taken any part in political agitation. They are applying to the Congress committees to be appointed "dictators" so that they may be arrested and sent to jail. Young girls are wanting to be arrested and they are acting as a magnet for young men to follow them. All these arrests are taking place. In some localities it reminds one of the days of early Christianity, the martyrdom of those days. In other places you find the *lathi* being used, physical violence being used by the officials. You find them using violence against men who violate all these laws. Men are struck down by *lathis* openly in public. What is the result? By sending persons to jail their immediate relatives become disaffected with the Government. When respectable men are struck down in the streets there is a general feeling of indignation in the country. Disloyalty is mounting like anything on account of these *lathi* charges. What is the result of this picketing that is going on? I do not refer to the fall in imports because that is known to everybody. The English Government can see that. I refer to what may be learnt by simply walking into any European shop. Formerly, when you went into such a shop, it was difficult to get attended to. Such was the rush of intending purchasers. They had English assistants, Anglo-Indian, European and women attendants to attend to you. Now the shops are all deserted. Now you find a few Indian servants who are meanly clad to attend to you because the shops whose daily collections were over Rs. 2,000 are now realising only Rs. 50 or Rs. 60. That is the result of the picketing in the country. What is the result of the *lathi* charges? I said that it creates disaffection. Not only that. Now that the pressure of the leaders is gone, you find that there is a feeling of violence on the other side too. You find means of resistance being organised. In all these activities, to check civil disobedience, who is taking part except the Government officials? They are not receiving any support from those who are on the side of law and order. Every day the cause of the civil disobedience movement is gaining in strength, and the other party, the Government, are losing in strength. The so-called moderates—I use the term in no disparagement—and others who want to stand by law and order are not taking any part in it. The large mass of the people of the country who are on the side of law and order are not taking part in it either. If you allow this state of things to go on what is going to be the result? In a few years' time a situation will be created in India which I do not say it will be quite beyond the power of the Government to control, because the Government can control everything; there is the Army at their back; but it will be very difficult. Disloyalty throughout the country will be such that the country will have to be governed by terror. It cannot be governed peacefully. It cannot be governed in the way in which a country ought to be governed. That will be the situation. Is that to be allowed to go on? We must take steps then to rally round the Government, to bring into the field all those who are on the side of law and order. How is that to be done? I say

*Indian Round Table Conference (Second Session), statement made by the Prime Minister on 1st December, 1931, paragraph 11.

[Sir Sankaran Nair.]

that if you now grant provincial autonomy, you will have taken a good step towards it. The question may naturally be asked: "What is the guarantee that if we grant provincial autonomy, then we will have the support of men whose support we do not get now?" You admit that they are not helping the Government now. Why do you say that if provincial autonomy is given, then men will assist the Government?" I say that the situation which will then be created is in itself the guarantee. Let me explain it. Suppose provincial autonomy is granted. Then you will have revenue and rent transferred. They will then be administered under the control of the local Councils whose behests will be carried out by Ministers. Look around now and what do you see? In the United Provinces, in Bombay and in Madras what is the dispute? The dispute is as to the rent or revenue which is payable. Whether it is a genuine dispute or a dispute engineered by Congress, there is the fact that you cannot get over; that those who have to pay the Government revenue and rent are raising these difficulties and parties to the civil disobedience campaign. And that it is a genuine and not altogether imaginary grievance we know, because Government are affording relief to some of them and are reducing the revenue which should be paid to them. In Bombay it is the same thing. This dispute has been going on now for more than ten years. I remember when I was a Member of the Government of India I had to deal with it. In Madras just the same settlements are going on in regard to revenue payable to Government. Landlords of the highest respectability, men whose loyalty is beyond doubt, those men are asking the Government that revenue should not be enhanced. The same dispute exists between landlords and tenants. Tenants are saying we cannot pay. Now, suppose revenue administration was taken over by Ministers and they and the local Councils have to deal with it. Now, either the Congress come in or they do not. If they come in there is an end of the question; they will discuss it with other parties in the Council and the Council will settle it. If the Congress do not come in, still the Council will come to decisions and those decisions will be carried out. A foreign Government will not have the obloquy of an unpopular measure, and the British Government does not stand to lose anything by that. The Ministers and the Council have to find the revenue, and if they can safely remit some revenue they will do it. Why should the British Government trouble themselves about it. If they cannot remit any revenue they will say so, and that will be an issue between them and the Congress. I say, therefore, that these disputes which are now creating such a lot of trouble in the United Provinces and in Bombay and in Madras will take a different turn, if you grant provincial autonomy and transfer revenue administration. Of course I cannot imagine provincial autonomy without the transfer of revenue and of law and order. Suppose law and order is transferred to Ministers under the jealous supervision of a democratic Council. What will happen? I will not refer to certain unfortunate incidents that have taken place of late for which the Government have expressed their regret. I will only refer to one circumstance, that the position is not here the same as in England. If an error is committed and something lamentable has occurred, the fact that Government express regret for it does not get rid of the evil. It soaks into the mind of the common mass of the people. Government's apology or expression of regret is practically unheeded. They say: "This has been done. The Government has done it." Therefore you have to see not only that a remedy is applied to those sort of things, but you must see that they do not occur. And I venture to submit that subordinates would not commit such errors if they know that there is a jealous democratic Council above them acting through Ministers responsible to that Council.

It is the present bureaucratic form of the Government which enables its subordinates to do these things which hurt the mass of the people. I say therefore that if law and order is transferred to the Councils, these things may not occur. If they occur the responsibility will be on the Indian ministers who will deal with the culprits. I am myself satisfied that when the administration comes into the hands of Indians steps will be taken which will have the same effect as these Ordinances are intended to have. But those steps will have to be worked out by the local Council. Take some of the things which are being done to-day, not by subordinates, but under the express orders of Government. I do not think an Indian Government would countenance them. For instance, it was reported in the papers yesterday or the day before that for the recovery of a fine imposed upon a man for some offence his wife and children were turned out of their house. Well, Sir, according to the Hindu law the Government is the guardian of all the women and of children, if they have no other protectors, and it is to me inconceivable that an Indian Government or an Indian minister would have allowed a woman and child to be turned out of their home because the husband has done something illegal. It is true that they were turned out by the civil courts for a legitimate debt incurred by the husband. But, even so, to the Indian mind that is very distasteful, and I have no doubt whatever that these things would not be tolerated under an Indian Government. I say again there are ways of stopping all these things, not by means of Ordinances which place tremendous power in the hands of low paid subordinates, but means which can be enforced by the ordinary courts. And then, when it is open to you to take this step, to grant provincial autonomy, which you know has to be granted in the course of a short time, why not take the step at once, why allow these lawless civil disobedience men to carry on this propagandist work day by day increasing disloyalty to the Government, when you have it in your power to take the step now and which you have promised you would take in any case within a few years? It is to me inconceivable why this step is not taken now. I have no doubt that if His Excellency the Viceroy accedes to this prayer of mine and places all the facts of the situation before the Cabinet in England, the Prime Minister will now say—I hope so at any rate—that conditions have changed and that it is now necessary to carry out provincial autonomy. It is lamentable that this spirit of propagandism against the Government should be allowed to be carried on like this. I can well understand some people saying: "Oh, but for heaven's sake let it go on, because this Government is an utterly unreliable Government. It is only by this propaganda of the civil disobedience movement through which thousands go into jail, and it is only if these assassinations continue, that Government can be changed. Otherwise we cannot trust this Government." It may be that there is that feeling that the Government cannot be relied on. There are some men who think on those lines, but I do not think we should play into the hands of those people, and therefore I say let provincial autonomy be granted at once. If you are going, along with it, to bring a responsible Central Government, well and good; I welcome it. If you cannot do that, if it will take some time—and I myself am disposed to think so, because there are difficulties in the way of carrying it out. Difficulties moreover are coming to the surface day after day. In the face of all those difficulties and certain others which are understood and realized only by those who were Members of Government during wartime, I do not think that for a shadow of central responsibility which alone we can get now we should be waiting. Let us get something substantial. It may be, on the other hand, by waiting indefinitely for that shadowy responsibility you may even lose the thing which you now have in hand. Let us have it. I would therefore strongly press, Sir, this Council to support this Resolution.

[Sir Sankaran Nair.]

There are a few other facts which I have to notice. We have to take note of the fact that such friends of India as Mr. Wedgwood Benn and Professor Lees-Smith have said that Indians would not mind waiting three or four years. I cannot help thinking that it is because they think that this Government and this Parliament are not in sympathy with us we are not going to get anything substantial, and they think that in two or three years' time this Government would be off, then there will be a dissolution and they think that a Labour Government—they are perhaps sanguine—will be better in the interests of India and a Parliament more favourable to India would come in. That may be their hope, but you have to take into calculation the other fact too. You may get a Parliament which is worse off than this; it may not even give the support which the present Parliament may be inclined to give to us. Then, Sir, there is the other fact to be considered—the further fact that our Indian Delegation have expressed at that time their view that it should be done under one scheme alone. But I say that the conditions have changed, conditions are different now. Are we now to allow—I say that again—are we now to allow this feeling of disloyalty and disaffection to grow in India like this against the Government to render all good government impossible? It is against the interests of Indians, because we already know that there are men in England who say that “So long as there is this disorder prevailing in India we shall not give anything to India. Let this disorder subside, then we will take it in hand.” Supposing now this spirit of violence spreads and goes on increasing—and it has already shown itself—what will be the result? The result will be that good government will be impossible and people will say that “We shall not give them any responsible government.” I say we should not allow that state of things to go on and we must face the problem. There are some who say that provincial autonomy which the Government are likely to give is not worth having. If it is not worth having, the sooner we know it the better. If they say it is not worth it, that they do not want any assistance from people in checking the spirit of resistance, let them go on unaided. Whatever the reasons may be, the sooner we know the thing, the better. For all these reasons, Sir, I commend this Resolution to the favourable consideration of the House.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, if I take part in this debate at this early stage it is for the purpose of explaining the attitude of Government on this Resolution. I shall not deal with the merits of the Resolution. Sir, the matter rests, so far as the Government of India are concerned, with the general observations of the Prime Minister made on the 1st of December, 1931.* The Honourable Sir Sankaran Nair has read a portion of that observation. With your permission I shall read the declaration once more. The Prime Minister said*:

“It has, therefore, been pressed upon the Government that the surest and speediest route to Federation would be to get these measures in train forthwith, and not to delay the assumption of full responsibility by the provinces a day longer than is necessary. But it is clear that a partial advance does not commend itself to you. You have indicated your desire that no change should be made in the Constitution which is not effected by one all-embracing Statute covering the whole field, and His Majesty's Government have no intention of urging a responsibility which, for whatever reasons, is considered at the moment premature or ill-advised. It may be that opinion and circumstances will change, and it is not necessary here and now to take any irrevocable decision. We intend, and have always intended, to press on with all possible despatch with the federal plan”.

* See footnote on page 78, ante.

Sir, in view of this statement of the Prime Minister the Government of India have not yet considered the question. The policy of His Majesty's Government in this matter will be guided by public opinion. In these circumstances, the Government of India refrain from any expression of views on the merits of this Resolution and they have decided that official Members will not vote if the Resolution is pressed to a division. I can, however, undertake on behalf of the Government that a copy of the debate will be forwarded to the Secretary of State for the information of His Majesty's Government.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, if I understand this Resolution correctly it means that our Honourable friend desires that provincial autonomy should precede responsibility in the Centre. Sir Sankaran Nair is pre-eminently a leading figure in the public life of India and has occupied a prominent position also in the Government of India and has been for many years a Member of this Council and as such he is always entitled to be heard with consideration and respect. But, Sir, it is a matter of some regret that in the discussion of this very important Resolution he has brought in to-day many extraneous subjects which could possibly have been avoided, and also he could have to a certain extent avoided that measure of warmth with which he spoke against the recent policy of the Government of India in suppressing disorder in this country. I shall not enter into a discussion of those subjects now because a great deal can be said on both sides and if I entered into the arena of the debate to-day on this subject I would point out chapter and verse and would rather rebuke the Government of India for not adopting a firm policy a little bit earlier. Sir, if my Honourable friend had brought this Resolution two years ago or immediately after the publication of the Simon Commission Report I would have warmly and wholeheartedly supported it. But I am afraid to-day after many important events that have intervened it would not only be impossible but it would be a folly for this Council in my humble opinion to pass this Resolution. Sir, it has been pointed out in no measured terms that all the cause of this political trouble to-day is because the Provincial Governments are not armed with a full measure of responsibility and they are not in a position to exercise plenary powers in the Revenue Department—the exercise of which would probably have avoided the serious troubles which have taken place in the United Provinces and in some parts of Gujerat. Sir, if I had the assurance, if I had the guarantee, if I had even a reasonable hope that those troubles would disappear immediately provincial autonomy is granted to the provinces whatever my views may be on this Resolution to-day I would immediately adopt this Resolution and support it. But I am afraid Sir Sankaran Nair has wholly misapprehended the entire political situation in this country. Sir Sankaran Nair has spoken about picketing, about *lathi* charges, about the imprisonment of men and girls and many other matters. I shall not refer to those matters. I do not think that the genesis of the troubles in India is attributable to the recent arrests or to the recent firm policy adopted by the Government of India. The problem is a more comprehensive one. It is both a political and an economic problem. It is partly of foreign and Bolshevik growth. Sir, I do not think for a moment that if provincial autonomy is given to the Bombay Government to-day the people in Gujerat, the cultivators and ryots of Bardoli will immediately climb down and accept provincial autonomy as a panacea for all their troubles and afflictions. The whole question has been an economic one and I also beg to differ from my friend Sir Sankaran Nair when he told us that if provincial autonomy were given the revenue administration of the Bombay Government would be managed in a way different from what it is now. I make myself

[Sir Maneckji Dadabhoy.]

bold to say that those who have followed the course of the troubles in Gujerat know this very well and I assert with all the emphasis at my command that if we get self-government in Bombay to-day the policy in the matter of rent collections there will be in no wise different from the policy which is now in vogue there. My friend has also referred to the trouble in Madras and in the United Provinces. The troubles in the United Provinces are mostly economic; there may be here and there cases of political exuberance and disturbance but on the whole the trouble in the United Provinces has been incontrovertably of an economic character and since heavy remissions have been made by the Governor of that Province things have very considerably improved and that fully shows that the diagnosis made by my Honourable friend Sir Sankaran Nair is neither tenable nor supportable.

Sir, coming now to the Resolution itself, what is the real position? My friend said: Let us have provincial autonomy immediately. The Honourable the Leader of the House a few minutes ago has told us that in view of the pronouncement made by the Prime Minister the Government have not considered the question from that point of view. Sir, my own view is that it is now too late to think of provincial autonomy without some measure of responsibility in the Centre. And if I have understood the public pulse rightly I say with some measure of emphasis that my friend Sir Sankaran Nair will have a very thin support throughout India for the Resolution which he has brought here to-day. During the last two years the whole question of responsibility in the Centre has been carefully examined. The representatives of all sections, of all races, have gathered on two occasions, in 1930 and 1931, at the Round Table Conference in England which was opened and inaugurated by His Majesty the King in person. The whole Conference have met and deliberated in 1930 for a period of nearly two months and in 1931 they have done laborious work in the deliberations of the Federal Structure Committee, the Finance Committee and also the Minorities Committee has met and the delegates have expressed their views on the subject. Sir, in my humble opinion their work has not only been carried out with all reasonable expedition and despatch but has received a great deal of public approval and support in this country. The people throughout India have watched with considerable enthusiasm and interest the work and the labours of the two Round Table Conferences. People have now naturally come to the conclusion that they are positively going to obtain some measure of responsibility in the Central Government. People have come to the conclusion that it is not possible for the Government any longer to carry on the administration on the basis on which it has been conducted hitherto. And not only the highest officials but His Majesty's Government have promised responsibility in the Centre through their spokesman the Prime Minister as well as by Government making a statement in the House of Commons approving of the policy which the Prime Minister has indicated. Even the other day His Excellency the Viceroy addressing the other House stated this—I would like to quote a small passage from His Excellency's speech*:

“Notwithstanding the many difficulties which we have had to surmount during the past few months and the serious problems that still lie before us, with the recollection of all I owe to this country in my public service of years gone by, I feel it a great pride and privilege towards the end of my public life to be leading India on to her promised position as an absolutely equal partner with the other Dominions under the Crown”.

*L. A. Debates, Monday, 25th January, 1932, page 12.

Sir, with our hopes and ambitions buoyed up by a statement of this kind is it right, is it proper, is it prudent, is it advisable, I ask this Council, to support this Resolution to-day? Sir, my feelings to-day are entirely of a different kind. If I gauge the public pulse correctly, the position is this, that there will be no permanent or lasting peace in this country till some measure of responsibility in the Centre is given to India. We are all wanting and clamouring for peace in this country. The King's Government must be carried on. The people, merchants, traders, manufacturers and business people have all been thoroughly disappointed and disgusted with the state of affairs which have been existing during the last two or three years. The trade of this country has been absolutely wrecked and ruined. I do not for a moment think that the public in India will be satisfied with the Resolution of my Honourable friend Sir Sankaran Nair, nor do I feel that they will accept it as either judicious or sane or consider it as a reasonable compromise if this Council adopts or accepts it. My friend said in his speech that it may take perhaps a dozen years to get responsibility in the Centre. I take an entirely different view of the matter. The Consultative Committee is now sitting in this very town for the last ten days, and I am credibly informed that their labours will be completed early next month at the latest. Other committees are also progressing with their work. I am sure His Majesty's Government in England and the Government of India will not delay the matter unnecessarily and will endeavour to expedite the consummation of the scheme as early as possible, particularly in view of the troubles that are now prevailing in this country. I go further and say that even if we have to wait for a year or two or more to complete the scheme of self-government in this country, we would prefer to wait when we have made such excellent progress than agree to the taking of the first and piecemeal instalment of only autonomy for the provinces. The result of passing such a Resolution as this will be that the country will misjudge the situation. If the Government concedes to this proposition, then even the Government will be blamed, misunderstood, and misinterpreted and perhaps also abused, and it will be freely said and suspected that the Government proposes to go back on its promises. I therefore advise my Honourable colleagues here to consider the matter carefully and dispassionately and to come to the conclusion that it would be prudent to wait than to precipitate at this present moment autonomous government for the provinces.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to oppose the Resolution. I presume that the provincial autonomy, the immediate introduction of which the Honourable Mover proposes, is autonomy of the type which the Central Committee, of which the Honourable Mover himself was the President, recommended. The type of provincial autonomy now recommended by the Provincial Sub-Committee of the Round Table Conference, or the division between Provincial and Central subjects and the relation between the Central and the Provincial Legislature proposed by the Federal Structure Sub-Committee is not on lines very different from those adopted by the Central Committee. In either case the Central Legislature has some sort of control over Provincial Legislatures. As instances I allude to the power given to the Central Government of protecting the interests of the minorities, of intervening for the maintenance of peace and tranquillity in the provinces. In the report of the Federal Structure Committee there is a list of provincial subjects subject to legislation by the Indian Legislature.* There is also a list of subjects in respect

* Indian Round Table Conference, 12th November, 1930 to 19th January, 1931, Proceedings of Sub-Committees, Volume I, p. 671.

[Rai Bahadur Lala Ram Saran Das.]

of which extra-provincial control is to be exercised.* Legislation by the Provincial Legislature in certain matters is subject to control by the Central Legislature.

I quote below from the report of the Legal Sub-Committee appointed by the Federal Structure Sub-Committee† :

“To preserve the uniformity which at present exists the present arrangement should be maintained under which certain important Acts cannot be repealed or altered without the previous sanction of the Governor General. The Acts are specified in rules made under section 89A (3) (b) of the Government of India Act but the list requires certain alterations and additions”.

The Legal Sub-Committee further reported in the following words :

“The Sub-Committee think that if this plan were adopted Provincial Legislatures would have in the field of civil and criminal law a power of legislation which would be sufficient for their needs”.

These recommendations were made with the concurrence of all communities—Hindus, Muslims and Sikhs and all other minorities. In no system of Federal Government is there complete independence of the federating units, not even in countries in which independent states existed before the Federal Legislature was formed.

In India in which the historical process has been just the reverse in which unitary government of a highly centralised type has existed, complete independence of the federating units is practically impossible. The Federal Structure and the Provincial Sub-Committees were prepared to concede the maximum of independence to the federating units, but the degree of control by the Central Government which they have recommended is the irreducible minimum. The question therefore is whether this control over the Provincial Legislatures should be exercised by a Legislature responsible to the people or by a Government completely irresponsible. I am confident that no section of the House would hesitate in the choice between the two alternatives. Control by a government responsible to the people of the country is better than control by a government responsible only to the Secretary of State for India.

But there are other and more cogent reasons for not introducing provincial autonomy before introducing responsibility in the Centre. What guarantee is there that the federating units would not demand right to recede from the Federation before entering the Federation ?

This contingency can only be avoided if the Federal Constitution were formed simultaneously with the Provincial Constitution, and the relation between the two determined at one and the same time. Therefore in separating the two there is the danger, on the one hand, of too much control and on the other of too little control.

It would be ruinous to the country if the federating units demanded the right to recede as a condition precedent to their entry in the Federation. India would fall back into that state of chaos and anarchy from which under the ægis of British rule it has emerged. Under this head I would invite the attention of the House to the remarks made by a supporter of the unitary type of government at page 3 of the pamphlet written by Sir Sivaswami Aiyer criticizing the recommendations made in the report of the Statutory Commission.

* Indian Round Table Conference, 12th November, 1930 to 19th January, 1931. Proceedings of Sub-Committees, Volume I, p. 674.

† *Ibid.*, p. 677.

This evil has been clearly pointed out. Sir Sivaswami Aiyer appears to be a supporter of the unitary type of government. In my humble opinion it is unnecessary to quarrel about words and phrases. No two federal Governments are exactly alike. The degree of independence enjoyed by the federating units is different in different federal Governments. There are cases for instance in Germany in which the Central Government controls even secondary education. But what are the reasons on which it is demanded that the question of responsibility in the Centre may be deferred ? The preliminary inquiries for the introduction of provincial autonomy involve the determination of issues as difficult as those which are necessary to decide before introducing responsibility in the Centre.

The Franchise Committee would take longer to frame definite recommendations than Committees whose main object is to decide the issues necessary for the introduction of responsibility in the Centre. There are hardly any communal problems involved in the question of responsibility in the Centre. The question of provincial autonomy teems with communal problems in the settlement of which proletariats have to be satisfied. In matters relating to Federation we have to deal with Princes and to bring them on mutual agreement, which is a much easier task than that of bringing different communities on a common agreement.

We should not be oblivious to the condition prevailing in the country and the attitude assumed by different political parties. Even the Moderates of whom the Liberals form a majority would not look at a constitution which does not give responsibility in the Centre. The Congress which is the most influential party is so suspicious as to refuse to co-operate ; the leaders of the Congress are suspicious of the intentions of the British Government and they would not think of co-operation and have launched on civil disobedience. It would be highly unwise to drive even the Moderates into an attitude of suspicion hardly distinguishable from that of the Congress. The Muslim demand is only this, that their interest should be safeguarded. They are not opposed to responsibility in the Centre. This point was made abundantly clear by Sir Muhammad Shafi, whose loss we all mourn, and Mr. Jinnah in speeches on the 26th of November in London.

I am aware there are certain sections who demand immediate provincial autonomy and wish that the question of responsibility in the Centre to be deferred but those sections have always been characterised by an attitude of hostility towards all political advance in India.

The protection of the interests of the Hindu minority in provinces where it exists can be more satisfactorily exercised by a Central Government responsible to the Legislature than by a Central Government not so responsible.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay : Non-Muhammadan) : Mr. Chairman, for so long has there been such a demand on the part of the political-minded in India and so insistent has been this demand for self-government, by which has been meant not only provincial autonomy, but responsibility at the Centre, that I cannot help observing that the notice of the Resolution given by my friend the Honourable Sir Sankaran Nair has caused great surprise throughout the country. Like my friend Sir Maneckji, I hold that because of his position in this Council and because of his having filled the very responsible position of Member of the Executive Council of the Government of India, Sir Sankaran's views are entitled to respect and consideration. I have therefore listened to him with the greatest attention possible, but I cannot help stating that I remain unrepentant and unconvinced. Sir Sankaran's Resolution, if passed, would simply set back the hands of the clock. It

[Sir Phiroze Sethna.]

is distinctly a retrograde motion. Sir, at the two Sessions of the Round Table Conference the work done was of a character which enables the delegates to believe that Government will, and I may say must, give both provincial autonomy and responsibility at the same time. My friend Sir Sankaran observed that the views of the Provincial Governments some years ago were against dyarchy and in favour of provincial autonomy. He may have also added that some of the Provincial Governments at the same time observed that they would not be satisfied with provincial autonomy alone but insisted upon responsibility at the Centre—and that was some years ago.

When we went to attend the First Session of the Round Table Conference we felt that perhaps because the Government in power was the Labour Government, we had them on our side so far as provincial autonomy and responsibility at the Centre at the same time were concerned. We were of course very doubtful as to the attitude that would be adopted by the representatives of the other two leading political parties in England, the Liberals and the Conservatives. Fortunately for us the Leader of the Liberal Party was no other than an ex-Viceroy, the Marquess of Reading. Although he hesitated at first, when he discovered that the Indian Princes were willing to come into the Federation, he readily accorded his assent. He was followed in that view by the other delegates of the Liberal Party and the Conservatives later on came to the same view of thinking. It was because of this that the Prime Minister on the last day of the First Session, namely, the 19th January, 1931, made a statement which I propose to read. The portion I want to quote consists of a very few lines. He said :

“The view of His Majesty's Government is that responsibility for the Government of India should be placed upon Legislatures, Central and Provincial, with such provisions as may be necessary to guarantee during a period of transition the observance of certain obligations and to meet other special circumstances, and also with such guarantees as are required by minorities to protect their political liberties and rights.”

The Honourable the Law Member has read from the statement made by the Prime Minister at the end of the Second Session, and only a portion of that same quotation which suited the purpose of my friend Sir Sankaran was read out by him. The reason why I have quoted what the Prime Minister said at the end of the First Session is this, that before the Second Session was opened Government were able to prevail upon the Congress party to send their representative. Their sole accredited representative was Mahatma Gandhi, but the House will remember that while he was the only representative of Congress as recognized by the Congress itself, Government also appointed amongst the additional delegates some others who were distinctly Congressites. I refer in particular to Pandit Madan Mohan Malaviya, Mrs. Sarojini Naidu and Mr. Rangaswami Iyengar. Now, all these four, in the speeches they made at one place or another, distinctly laid stress on the quotation which I have read out from the Prime Minister's declaration on the last day of the First Session. They said that it was only because of that assurance that they accepted the invitation to come to the Second Session of the Round Table Conference and that they would not have gone otherwise. I quote this with some emphasis in order to convince my friend Sir Sankaran Nair that the Congress itself, the largest political organisation in this country as it has been recognised everywhere, is distinctly in favour of provincial autonomy and responsibility in the Centre at one and the same time.

Now, Mr. Chairman, after we proceeded on our mission to the Second Session of the Round Table Conference, things went on very well for the first

two months, that is to say, there was no reference to any change in the policy laid down by the Prime Minister. Towards the end of October, 1931, or perhaps in the first days of November, it leaked out in the course of conversations with British M. P.'s and others, and delegate after delegate discovered that it was the clear intention of Government, in spite of the contradiction in the press, that if possible they would introduce provincial autonomy in the first instance to be followed by responsible government in the Centre at some date, however remote. When this came to the knowledge of the delegates, who I may say used to hold informal meetings day after day, they thought that action must be taken. I remember it was on a Friday—to be precise it was Friday, the 6th of November—when several of us delegates who had met together thought that it was high time that a letter should be addressed to the Prime Minister. That letter was drafted there and then and sent off to 10, Downing Street, because we knew that the Prime Minister had gone to spend the week-end at his home in Lossiemouth. The letter was despatched that night and we learnt later that it was sent from Downing Street by a courier to the Prime Minister. In that letter, we, who signed it, said as follows :

“Dear Prime Minister,—It is with deep concern that we hear rumours to the effect that provincial autonomy will be introduced as a first step in the political reconstruction of India, leaving Federation and responsibility at the Centre to follow later. We have read the statement to the contrary which appeared in the daily press this morning. The rumours, however, are so strong and persistent that we must ask leave to place our views before you beyond the possibility of doubt. The needs of the present situation can be met only by a complete and comprehensive scheme, of which responsibility at the federal centre must be as integral a part as the autonomy of the federating units. To divide the scheme into parts and bring into immediate operation one of the parts and postpone the other is to arouse fears of uncertainty and suspicions of the intentions of the Government”.

This letter, I may inform the Council, was signed by 28 delegates who were present. There were besides some Indian States-Ministers who were entirely in accord with the views embodied in this letter but they refrained from signing simply because this was absolutely a British Indian question. When the contents of the letter were published in the papers on Monday morning the other delegates were very indignant that their signatures were not obtained to this letter. We had to explain that we could not possibly do it for want of time, that we wanted the Prime Minister to read the letter before he returned to town. At the same time, we informed them that should they so desire they would have ample opportunities of placing their views before the Conference at the Plenary Session of the Conference itself, and this opportunity they certainly availed of in a very large measure.

Sir, the printed proceedings of the Second Session of the Conference are not yet out, but from what notes I had taken and from what cuttings of newspapers I have, I shall be able to quote to you the views of some prominent delegates. I will say that amongst our Muhammadan friends, I am very sorry that I have not with me the views expressed by our late lamented friend Sir Muhammad Shafi, whose death Hindus, Sikhs, Christians and Parsees mourn just as much as our Muhammadan friends. He, as well as Mr. Jinnah, two recognised leaders of the Muhammadan delegation, very strongly supported what we have stated in this letter which I have read out. At the Conference there were a few dissentient voices—that is bound to happen anywhere. Sir A. P. Patro was the first to start a discordant note. He said we might be content with provincial autonomy and wait for responsibility in the Centre. I am very happy to find that within the last week the same Sir A. P. Patro has publicly declared that he was wrong in his first views and that he entirely supports the idea which is embodied in this letter. My friends, Dr. Shafaat

[Sir Phiroze Sethna.]

Ahmed Khan of Allahabad and Mr. Ghuznavi of Bengal, also sounded a discordant note, and barring these, I think the majority of our Muhammadan friends were entirely with us. A prominent Muhammadan, himself a Member of the Executive Council of Bombay, Sir Ghulam Hidayatullah, said :

“that provincial autonomy without responsibility at the Centre would not work. The building of a federal constitution might take a few years, but what were a few years in the life of a nation ?”

Now, Sir, let me come to the views of the other delegates who strongly support what we are now contending for. As this House knows, and as I may say it is generally acknowledged, the most outstanding figure in both Sessions of the Conference from amongst the Indian delegates was Sir Tej Bahadur Sapru. Sir Tej Bahadur Sapru made the following observation at the Plenary Session* :

“He warned Government to think twice before adopting the old-fashioned instalment system of reforms in regard to India. The time had come when they should think out and evolve a comprehensive scheme which would cover both the Centre and the Provinces, and introduce them simultaneously”.

My friend Sir Sankaran Nair thinks that it would take anything from three to fifteen years in order to frame a scheme for responsibility in the Centre. Let me quote Sir Tej Bahadur Sapru's views he expressed on that subject on another occasion :

“Provincial self-government could never work successfully without responsibility at the Centre, and he definitely laid it down even if three years were required to bring the Central Federal Authority into operation it would be better to postpone the introduction of provincial self-government for that period”.

I may mention here that in the course of discussion with the Prime Minister and other statesmen it was stated that three years was too long a period and generally agreed that if they worked in right earnest everything could be accomplished within a period of twelve months.

THE HONOURABLE SIR SANKARAN NAIR : The Prime Minister said “a few months” at one time. He did not then realise the difficulties.

THE HONOURABLE SIR PHIROZE SETHNA : I say twelve months. I want to quote again a sentence from a letter which Sir Tej Bahadur Sapru addressed to the *Manchester Guardian* on the same subject. He said :

“The problem with us is not to create a Central Government but to alter its character and its powers in relation to the provinces. The course now suggested in certain quarters seems to me to be the surest way of destroying the work hitherto done, destroying all chances of destroying India's hope and faith”.

Mr. Chairman, Mr. Jayakar was a valuable coadjutor of Sir Tej Bahadur Sapru, and the House, I am sure, will be interested to know his views :

“The scheme—Federation, Central Responsibility and Safeguards—has been accepted in India by the greatest political organisation, the Congress. The question now was, would the British Government accept the scheme, or would it reject the scheme, or—what was perhaps a greater danger than rejection—would it mutilate the scheme? About rejection, he had no fear, because it would restore all parties to the *status quo ante*. What he and many of his colleagues were afraid of was that for Parliamentary exigencies the scheme might be mutilated in the sense that they might be offered the trunk, the head or the legs. That would be a great mistake. They wanted the scheme to be offered to India

*Report of Indian Round Table Conference, Second Plenary Meeting held on 30th November, 1931, p. 306.

as a whole. They knew that there were many details of the scheme which had to be worked out; patient investigation and inquiries had to be carried out; but that would be no reason for mutilating the scheme in the sense of offering to India something which was only a part of the scheme”.

Another stalwart holding the same views is Sir Chimanlal Setalvad of Bombay. He said :

“Any attempt to give these reforms by instalments, as has been suggested in various quarters—for instance, to begin with provincial autonomy and then work up to Central responsibility and Federation later—is a scheme that is doomed to failure.

Provincial autonomy without Central responsibility will really be a sham and an illusion. If you look at the matter squarely you will recognise that the need for Central responsibility is more urgent than any other reform in India. Take the present state of things at the Centre. You have there a standing hostile elected majority, and the Government always in a minority. That engenders, and must engender, irresponsibility on both sides. The elected Members of the Legislative Assembly know that whatever they do the King's Government will be carried on, and therefore, as they have not the burden of responsibility cast on them, as would be the case in any democratic institution, they are bound to be, and have in fact become, and will still more become, irresponsible. On the other hand, in the same manner the Government, knowing that they have the power of certification, that they have the power of doing everything over the heads of the Assembly whatever the vote of the Assembly may be, are equally irresponsible on the other side. I therefore say, Sir, that responsibility at the Centre is the most urgent need of India, and you should take that in hand instead of quarrelling about provincial autonomy and things of that character”.

As the Council might also like to know the views of the Congress I shall quote from the speech of Mr. Rangaswami Iyengar :

“The only proper and the only correct step for His Majesty's Government to take, if they want to confer responsible government upon India, is to divest themselves of this responsibility and to hand it over to legislatures responsible to the people of the country and that we considered, Sir, was implicit in the declaration made in January last.

If that is so, then I as one who was invited, took it to mean two things. In the first place, it cannot connote the idea that mere provincial autonomy as such is possible without Central responsibility. If Parliament is going to cease to be responsible for the Government of India, then it is not possible for Parliament to say that the provinces shall be governed without responsibility to Parliament, but that the Central Government in India shall continue to be responsible to Parliament. It seems to me to be a politically inconceivable conception that provincial autonomy and Central responsibility to Parliament can go together”.

If I may take the liberty of quoting two or three sentences from my own remarks I will do so. I observed :

“Provincial autonomy had been thought of, or was believed to be thought of, as an initial instalment. If that was the idea, then the consequences would surely be disastrous. There would be agitation (for immediate responsibility at the Centre) and it would rest on Ministers in Provincial Governments to try to check that agitation. How could they possibly expect such Ministers, who did not believe in provincial autonomy alone but also expected responsibility at the Centre at the same time, to check such agitation ?”

Mr. Chairman, whilst these arguments of my Indian friends will have convinced the Indian Members of this Council, I want to quote in particular an opinion which I am sure will appeal to every European Member of this House. I quote the opinion of the Leader of the European delegation from British India, Sir Hubert Carr. He observes :

“We should much prefer provincial autonomy instituted previously to any change in the Centre or even before it is decided on at the Centre. We realise, however, while deploring it, that there is not sufficient confidence existing between India and Great Britain to-day for India to be content with merely provincial autonomy and a declared intention of development at the Centre. We are, therefore, united with our fellow-delegates in demanding that the whole framework of Federation and provincial autonomy shall be determined at the same time”.

[Sir Phiroze Sethna.]

I have done with these quotations. I apologise for their length.

We had discussions with the Prime Minister and others on the subject of our letter and we do believe our letter was most timely and had the desired effect. The Prime Minister in the same connection asked a prominent delegate the question: "Supposing an architect was building a house with a ground floor and upper storey, would you expect him to erect the upper storey before he had completed the work of the lower storey?" This delegate answered in the Irish fashion by putting another question to the Prime Minister. He said: "Supposing the architect was building that house and the upper storey was not started or half complete, would he ask the owner to come and live on the ground floor" implying that the whole house would tumble down. We want the whole thing or nothing. In the course of these discussions it was again pointed out that the communal troubles are so great that it was no use introducing responsibility at the Centre at present. We pointed out: "Will not the same question arise in the provinces when provincial autonomy is granted them?" If we have provincial autonomy in the provinces at first and federal government is to follow later we will find that each of the provinces will try to exact its own price before coming into the Federation making the task difficult and impossible. These are very important considerations and for these reasons it is very necessary that they should both come in at the same time. Rather than give you any more reasons myself or the views of the other delegates, let me wind up by quoting from an article which appeared in the London *Times* of November 9th on the subject of this letter. About the middle of the article it says:

"It was recognised that the work of establishing a Federal Legislature and Government will inevitably take time, and that in the abstract a half-way house might be attractive. But the more the situation was examined the more convinced were the signatories that the intermediate bestowal of provincial autonomy would be a grave mistake".

And the paper concluded the article by saying as follows:

"It is held that the scheme of Federation, with responsibility at the Centre, subject to transitional safeguards, and with provincial autonomy, is a unity, and that if one part is adopted without the other parts there would be great difficulties in bringing the structure to completion. To begin with it would lead to constitutional difficulties, for the Princes would not be prepared to negotiate Federation with the provinces and the change would tempt many of them not to federate. Further, it is contended that it would be open to any single province to dictate terms for joining the Federation or to remain outside, and thus block the way of union. It was also felt that while the half-way scheme might possibly satisfy the larger minority communities the great bulk of the politically-minded people would not be satisfied. There would be behind it no real force of popular welcome. Another objection was that since provincial autonomy would presuppose a settlement of the communal difficulty where it is least tractable—in the Punjab—there would be no justification, on the communal issue at least, for withholding responsibility from the Centre. Reference was made to the administrative difficulties of a system under which the Central Government, remaining responsible to the Secretary of State, would be seeking to impose its will on nominally autonomous provinces, particularly at a time when law and order might be difficult to maintain. The objections of the signatories may be summed up as arising from the fear that the half-way house might remain the stopping place in the march to Indian unity".

What is the gist of the remarks which fell from my Honourable friend in support of his Resolution? He advocates provincial autonomy to begin with for two reasons. First, that it will take indefinitely long to settle all details about responsibility at the Centre. I think I have answered that already. His second point is that conditions are so altered since the Prime Minister made the declaration that only the granting of provincial autonomy will check civil disobedience if Indians are put in responsible positions as

Ministers to collect revenue or placed in charge of law and order. I say distinctly "No." And I will give you my reasons for the same. If my Honourable friend were a Minister, say for Madras, in charge of law and order, and if he found that there was an agitation amongst the public and they were demanding responsibility in the Centre immediately, as a Minister he is bound to be loyal to the Government and try to check that agitation

THE HONOURABLE SIR SANKARAN NAIR: No.

THE HONOURABLE SIR PHIROZE SETHNA: I am sorry. He will be very different from other Ministers. I take another Minister. What will he do? He may at heart be himself in favour of responsibility in the Centre. If he cannot check the agitation the result is that he will give the diehards in this country and in England a chance of saying: "Let alone responsibility at the Centre; even provincial autonomy is a failure." That will be the result of the Resolution which my Honourable friend has moved. I hope the Council will think twice before they pass this Resolution, and I am very grateful to the Honourable the Law Member for asking the Government Members not to vote.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, the Resolution before the House to-day comes to me as a surprise. That Sir Sankaran Nair with more than a quarter of a century of public life to his credit should have thought fit to bring in such a Resolution at this juncture of the history of constitutional advancement is to me really startling.

Sir, at the outset, before I oppose, I must declare that this is the most inopportune moment for discussion of such a matter on the floor of this House. Sir, I oppose this Resolution, and I oppose it as it is too premature, risky and hasty to hazard any recommendation to the Secretary of State for India regarding the future constitution at a time when the Consultative Committee and the various other Committees have not yet finished their labours. My Honourable friend Sir Sankaran Nair bluntly and frankly asks the Governor General in Council and recommends to the Secretary of State for India for immediate provincial autonomy for all the provinces and appears to me to be very eager to see his own province cut off from the central authority in order to be formed into a political complex run by a super-imposed oligarchy. Such an eventuality, to my mind, Sir, will go a great way against the interest of both the Central and the Provincial Governments, leaving the constitution of central responsibility in the lurch. Sir, coming as I do from Bengal, representing more than half of Bengal including Calcutta, I feel that provincial autonomy without readjustment of the Meston Award about the finances is merely chimerical and will prove to be illusory. Sir, for the last two years, Bengal is having a deficit budget of two crores of rupees. All the activities of the nation-building schemes have been brought to stagnation and yet the finances are not sufficient to cover the ordinary day to day expenses of the administration. At a time like this what will be the benefit of provincial autonomy if there is no money to be spent for education or sanitation or for the improvement of the health of the rural population and to give relief to the flooded and malaria-infected millions of Bengal? Sir, there is no room for further taxation. The limit has been reached. Any addition will break the back of the proverbial camel. So, Sir, I cannot think of immediate provincial autonomy apart from the whole question of responsibility in the Centre and readjustment of finance between the provinces and the Central Government.

[Mr. Mahmood Suhrawardy.]

So far as Bengal is concerned, she cannot be divorced of her share of her jute tax, income-tax and salt tax if she has to run on smooth lines. But, Sir, when I notice that our persistent demand for the transfer of the income of jute to the provincial exchequer has been treated with scant courtesy and when I notice that the Congress delegates at the Round Table Conference failed to set forth any communal solution of the communal problem in this country, and after the statement made by the Prime Minister to the Conference at the close of its Second Session last year—*vide* page 111 of the report—it is the better and wiser course for us to wait since we have waited so long. If we are now to take hasty steps and be now satisfied with provincial autonomy, then the other interest of central responsibility will be indefinitely postponed. We have waited so long; let us wait a few months more and let the whole constitutional question be settled rather than hastily be satisfied with a moiety of our demand. Sir, as a Muslim Member, I like to remind this House, and with your permission, Sir, I will read from page 41 of the Fourth Report of the Federal Structure Committee of the Indian Round Table Conference:

“The Committee when discussing the subjects covered by this report, namely, Defence, External Relations, Financial Safeguards and Commercial Discrimination, did not have the advantage of hearing the views of the Muslim members of the British Indian Delegation who reserved their opinion on such questions until such time as a satisfactory solution had been found of the problems which confronted the minority communities. Some other representatives of the minorities similarly reserve their opinion”.

Sir, in my view I am not singular amongst Muslims. The very last words of the late Mian Sir Muhammad Shafi are still ringing in my ears, who stated in clear and unmistakable terms:

“that no constitution would be acceptable either to him or to his community or to the rest of British India which did not visualize simultaneously of responsibility both at the Centre and in the provinces”.

That was his last great public speech and that was the last great contribution that he made to the settlement of a grave constitutional issue. In view of the above facts, I beg to oppose strongly the Resolution of my Honourable friend Sir Sankaran Nair, opposite. The name of my Honourable friend Sir Sankaran Nair is so well-known throughout India, the wealth of his experience is so large and varied, his earnestness and sincerity for the progress of our constitution is so real and so great that instead of pressing for this Resolution, I hope he will kindly see his way to withdraw it.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN (East Punjab: Muhammadan): Sir, the proceedings of the Round Table Conference show that the scheme of future provincial constitution is ready and that the framing of a constitution for the Centre on the basis of an All-India Federation may take some time, perhaps some years. Therefore why leave the provinces during these years to continue to be handicapped by their present dyarchic constitution? Provincial autonomy may be enforced immediately, as proposed by the Honourable the Mover. Some members of the Round Table Conference had hesitation in the matter as they thought that there was an apprehension that the introduction of provincial autonomy will delay the framing of a constitution for the Centre. There need be no such apprehension now. On the contrary it is a big step towards the completion of the constitution. The work of the Round Table Conference should in the meantime be pushed forward rapidly. The introduction of provincial autonomy will to a large extent settle the communal question, as representation in provincial

Legislatures will have to be settled first. It will also make federation a practical proposition, as units will then be working as autonomous and could take part in framing the constitution as units of the proposed Federation. His Excellency the Viceroy has made it clear in his recent speeches that the Government of India is anxious to see constitutional progress continue with increasing momentum. The recent action of the Government in initiating reforms in the Frontier Province has resulted in a general improvement in the situation there, and I believe that the twin policy of “progress and firmness” in India at this juncture would result in eradicating the evil of terrorism and anarchy, and would restore confidence. I therefore support the Resolution moved by the Honourable Sir Sankaran Nair with the exception that there should be no discrimination between the provinces, as suggested by him at the end of his Resolution.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal: Nominated Non-Official): Sir, I must confess that I was not a little surprised when I saw that it was my Honourable friend Sir Sankaran Nair, a man who is well known in public life as well as a man who has large experience in Government departments, who was moving this Resolution at a time like this. Sir, if Sir Sankaran Nair's idea about provincial autonomy be to substitute a set of brown bureaucrats for white bureaucrats, I do not think it will take us even an inch further from the place where we are at present. It has been often said, I think by various people who are taking the trouble of framing the constitution, that provincial autonomy cannot be attained unless a settlement of the communal question is first of all reached. He has not examined those difficulties. He has not examined the financial position of the provinces. I can say almost without fear of contradiction that if to-day the provinces are asked: “Are you prepared to carry on provincial autonomy; you will have nothing to do with the Central Government about finances or anything else,” would any province accept the proposal? I think not. Then, Sir, my Honourable friend Sir Sankaran Nair who comes from Madras having moved this Resolution gives me an opportunity to point out that in the Madras Council itself, there was a Resolution of exactly this nature, which was ballotted for and entered on the Order paper, but it was not moved. Does that show that the province of Madras wants it? I just take this opportunity of asking Sir Sankaran Nair if he thinks that the country is prepared to accept his panacea for the *lathi* charges and the civil disobedience movement. The whole idea of a federal structure, so far as I can see it, is to try and unify India in some way or other. That is the best way to unify India and that is what the Government both here and in England have been telling us, that we must have a federal India. There have been various declarations and statements made by Prime Ministers and other responsible people from their places in the House of Commons time after time, that Britain wants to give us such a constitution that India might realize her own position as a component part of the commonwealth of nations known as the British Empire.

Now, for whose benefit has this Resolution been tabled. I find that Sir Sankaran Nair has left his place, but any way I hope he will give me an answer. It cannot be for the Government, because Government has, as I have said, both here and in England, given us statement after statement, undertaking after undertaking, that they want to give us a sort of federal structure with responsibility at the Centre and it is too late in the day, I might remind Sir Sankaran, to delude the people with anything else. You cannot do it. Then, Sir, if I may be permitted to quote a few sentences from the speeches of several

[Mr. Bijay Kumar Basu.]

people in the sitting of the Federal Structure Committee on the 25th November, 1931. The Honourable Mover has referred to Professor Lees-Smith and I am going to quote a few lines from his speech made on the 25th November. The question discussed on that day was, when is the Federal Government to come into being and is it to come into being simultaneously with the Provincial Governments or later than the Provincial Governments, and this is what Professor Lees-Smith said—I am only quoting an extract :

“ I have discussed with a great many members of this Committee and I am convinced myself that in spite of its difficulties the second alternative—the alternative of simultaneously bringing into being provincial autonomy and federal responsibility—is the safer of the two ”.

He goes on :

“ If the Provincial Governments are established before the Federal Government, that they will be established amidst suspicion, that there will be belief that the Federal Government is postponed into the indefinite future, that it will not be established with good-will, that they may be wrecked before they are begun, that they will never have a proper chance of success, and circumstances may then arise as a result of that, as a result of the general suspicion and ill-will which will postpone the Federal Government to some indefinite future ”.

I found when I was listening to the speech of the Honourable Mover that he was quoting Professor Lees-Smith with some amount of deference and respect, and that is why I have quoted Professor Lees-Smith. Again, Sir, in that meeting on that day other delegates from India expressed their convictions in no ambiguous language. Some of them have been quoted by my friend Sir Phiroze Sethna and I will content myself with quoting a passage or two from others. Sir Tej Bahadur Sapru said :

“ So far as I am concerned, I am an irreconcilable opponent of provincial autonomy divorced from responsibility at the Centre ”.

Then another gentleman coming from the same province as my Honourable friend Sir Sankaran Nair, the Right Honourable Srinivasa Sastri, said :

“ Of the step that Professor Lees-Smith has spoken of being taken up by the Government and provincial autonomy being introduced in advance of responsibility at the Centre, I should like to point out one grave danger there is of the country being not at all willing to accept it ”.

I do not know, Sir, if Sir Sankaran Nair knows more of the country than the Right Honourable Srinivasa Sastri. Another gentleman who also hails from the same province as my friend Sir Sankaran Nair does, and who I believe is in closer touch with the present movement in the country, being a younger man, Dewan Bahadur Mudaliar, says :

“ I feel that a mere announcement of provincial autonomy without simultaneously providing for responsibility at the Centre will fall flat in the country, will put men like myself, who are anxious to co-operate, in an absolutely bewildering and hopeless position if we do not take care of ourselves ”.

1 P.M.

Further down in the speech he says :

“ The country will say that one result of the Round Table Conference has been, as in fact was hinted on the last occasion, the separation of Burma and the acceptance of the Simon Commission Report ”.

What I feel is, Sir, that if we accept this Resolution to-day we shall be exactly where we were when the Simon Commission Report was published. Then,

Sir, I again quote Mr. Gandhi who, as has been told, was the sole accredited agent of the Congress, the largest political organisation in the land. In the same meeting from which I am quoting these extracts, Mr. Gandhi said :

“ I close by saying ”—this is the last portion of his speech—“ I close by saying that I sail in the same boat as Sir Tej Bahadur Sapru and others, and I feel convinced that real provincial autonomy is an impossibility unless there is responsibility at the Centre, or unless you are prepared to weaken the Centre so that the provinces will be able to dictate to the Centre ”.

And I am almost sure that neither the British Government nor the Government of India will like to weaken the Centre so that the provinces will be able to dictate.

Then, Sir, about the nature of the provincial autonomy that Sir Sankaran Nair wants to be immediately introduced, I am afraid he has not given any indication. This phrase, provincial autonomy, has been interpreted by different people in various ways. For example, Mahatma Gandhi himself says that the provincial autonomy that he wanted was a provincial autonomy that will have control of the finances, of the army and of external relations. I really do not know if that is provincial autonomy that is talked of by Sir Sankaran Nair. He described the form of provincial autonomy which he defined in his speech. He said that that was the genuine provincial autonomy and the other thing was a bogus one. What the other thing was he never said. But I take it so far as I could follow Sir Sankaran Nair when he introduced this motion that his sole idea has nothing to do with the system of government. It is only a change in the personnel. If that is so, I am very sorry that it is not possible for me to support Sir Sankaran Nair at all. Then, Sir, the other objection that Sir Sankaran Nair took about the introduction simultaneously of responsibility at the Centre and in the provinces was, that it would take a long time. This thing has been going on for some time past, and however much the delay may be, he puts it at, say, half a dozen years. Six years certainly may be a very long time in the life of an individual, but considering the life of a nation it is an absolutely negligible length of time. Sir, I oppose this Resolution.

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

The Council re-assembled after Lunch at Twenty Minutes Past Two of the Clock, the Honourable Mr. G. S. Khaparde in the Chair.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I would have most gladly supported the Resolution of our Honourable friend Sir Sankaran, but when I find that he has qualified his Resolution with such a clause as “ or at least in such provinces as are in his opinion fit for the same ”, I am extremely sorry I cannot find my way to lend my support to his views or to his Resolution which, I think, being actuated by a sincere motive, he is now moving in this House. Sir, first of all with due deference to our Honourable friend Sir Sankaran who has grown gray in politics and in matters relating to administration, I should like to point out that the Resolution has been so vaguely worded that it becomes unacceptable to one who is even a tyro in politics. Moreover, it appears to me to be too previous, nay, too premature to come to this House with such a Resolution when the Franchise Committee have been touring in our country and the Consultative Body of the Round Table Conference is sitting here to find out

[Mr. Jagadish Chandra Banerjee.]

data to help in working out the details of the scheme which is popularly known as the Sankey Scheme and which was approved by the Premier in his speeches at the Round Table Conference. It puzzles my understanding to find Sir Sankaran come forward with such a Resolution when so many things have happened since the Congresswallahs cried, "Simon, go back" with black flags. Sir, we have all read the Report of the Simon Commission, but I do not know, if all of us here have cared to go through that valuable document produced by the genuine labours of the members of the Central Committee of which Sir Sankaran as our friend Sir Chimanlal Setalvad characterised, was the "Green spot in the desert." But no where in that interesting Report of the Central Committee which is perhaps rotting in the archives of the Government of India and Whitehall have we found any recommendation for the shadow—not to speak of the substance—of provincial autonomy in India. But now, Sir, when we have advanced so far with regard to the real beginning of the work in connection with the granting of self-government within the Empire with certain safeguards, I think it is unwise to pass such a Resolution which appears to be in itself, the very negation of the principle of the Round Table Conference and its honest labours when one comes to a Legislature with such a Resolution, it is but meet that he would enlighten the House with the broad details of his scheme and then and then only he can commend his Resolution for the acceptance of the House. Sir, provincial autonomy, I think, is wanted by all of us here, but what type of provincial autonomy we should have is a thing to be decided by His Majesty's Government in England because Parliament is the final authority to grant us that thing. Yes, we can request the Secretary of State for India to take such steps as may be possible to introduce immediately provincial autonomy in India, but knowing the position of the Secretary of State for India as we all do, it seems to be a preposterous task on our part to charge him with such a noble mission of granting provincial autonomy in India. Sir Sankaran knows, as well as we do, that nothing short of provincial autonomy with responsibility at the Centre would satisfy the Indians but when honest endeavours are being made by prominent leaders of India and the representatives of His Majesty's Government, to arrive at a settlement as to what sort of autonomy should be given to India, it is, I think, unwise on the part of the Mover to come to this House with such a motion. Provincial autonomy, indeed, I want; provincial autonomy that will be workable, that will be practicable and suitable to the requirements and meeting the demands of the country we all want, but not of the type as Sir Sankaran advocates. His conception of the provincial autonomy and that of the House is, I believe, as poles asunder. In view of such circumstances, I believe, as he has failed to convince the House of the appropriateness and usefulness of such a Resolution, it should be abandoned as a still-born child.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Sir, it is to me nothing short of a tragedy in Indian politics that a suggestion so behind the times, so reactionary and so retrograde should have found a mouthpiece in the person of our very distinguished friend, the Honourable Sir Sankaran Nair, I felt a great deal depressed when I listened to his speech and the arguments he advanced. It was with some sense of relief that I heard the speech of the Honourable Sir Maneckji Dadabhoy in which he unhesitatingly and unequivocally declared that provincial autonomy by itself at the present moment is out of the question unless it is accompanied by responsibility in the Centre. And I may be permitted to remark that the speech of Sir Maneckji Dadabhoy who is generally known to be a Conservative

is quite in contrast with the proposal and the speech of my Honourable friend Sir Sankaran Nair of historic fame as an ex-President of the Indian National Congress, and an ex-Member of the Governor General's Council. Sir, it is unnecessary that I should add to the chorus of condemnation of the proposal that he made this morning and I do hope it will meet with the fate it deserves—that is, rejection. My first reason is that the reasons which the Honourable Sir Sankaran Nair himself has given are reasons in favour of rejection of his Resolution. If Sir Sankaran Nair thinks that the civil disobedience movement will stop the moment provincial autonomy is given in all humility let me assure him and the authorities concerned a greater and profounder mistake could not be made by any one who has eyes to see what is going on. Whatever may be your views about the propriety or otherwise of the civil disobedience movement everybody knows, my friend Sir Sankaran Nair, one of the active participators in the Congress movement knows, that for years we have been agitating for a proper place in the government of the country and for establishing India's claim to a proper place as an equal partner in the commonwealth of nations, for India's claim to be treated as a Dominion. In the face of the declaration of the Prime Minister, not once but again repeated in the House of Commons that there would be responsibility in the Legislature, Central and Provincial, I cannot possibly for a moment think how a responsible politician like Sir Sankaran Nair can come forward even in the Council of State with a motion of this kind and the fact that many Members who have hitherto been known to be sobering and conservative influences in Indian politics have spoken so loudly and enthusiastically against it ought to be an eye-opener not only to himself but to the Benches opposite as to present conditions. Sir, the civil disobedience movement or the non-co-operation movement, by whatever name you call it, is nothing but an index of the yearning of this country to be what other people are in their own country and in so far as the ideal of Dominion Status has been promised to us by His Majesty's declaration which was repeated by Lord Irwin when he was Governor General here and in so far as in pursuance of it not only at one Conference but at a number of Conferences held in England who are still doing their work, it seems to be the proper thing to drop this question altogether and help, if you want to help, the Government of the country in the preservation of law and order—about which Sir Sankaran Nair was so enthusiastic—is to drop this proposal altogether. Sir, I was glad that at a very early stage of the debate Sir Brojendra Mitter on behalf of the Government made a statement. But instead of saying they have not considered this aspect I wish he had said the Government of India cannot in the circumstances, having regard to His Majesty's Government's declaration, not once but twice in the sessions of the House of Commons, they could not consider it. For, mark you, all the present troubles in this country, the civil disobedience movement and all the concomitant troubles are due to the fact, which has been stressed not once or twice but a number of times, not only during the debate in the First Session of the Round Table Conference but also in the Second Session and also here in the Central Legislature itself, that there has been a distrust, a growing distrust, in the *bona fides* of British rule. Prime Minister Ramsay Macdonald thought it necessary to make the statement, that they are by no means going backward, and that they stand by the pledges and proclamations of the past. Lord Irwin, when he was Viceroy and Governor General here, thought it necessary to make a public statement that they are not going backward. If any sort of countenance is allowed by the Government to such a reactionary and retrograde proposal like this, the consequences will be disastrous. I was amused when my Honourable friend Sir Sankaran Nair said this morning that the moment you

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[Mr. G. A. Natesan.]

have provincial autonomy and the Ministers are put in charge of power things will be quiet. Surely, Sir, that is not my reading of the situation.....

THE HONOURABLE SIR SANKARAN NAIR: I did not say that.

THE HONOURABLE MR. G. A. NATESAN: I am glad that my Honourable friend Sir Sankaran Nair did not suggest that, and I hope he will to some extent repudiate some of the other statements to which I have taken objection and my Honourable colleagues have taken objection. I do not think that the moment you grant provincial autonomy, there will be peace in the country. If I am not mistaken, I think my Honourable friend Sir Maneckji Dadabhoy said, and said very correctly, that there will be no peace in this country unless you fulfil as early, as quickly, as earnestly and as honestly as you can the promises made by His Majesty's Government and repeated twice in the House of Commons. That is to say, give us a constitution which will give us responsibility in the Centre and also in the provinces. There is enough trouble in the country, and if at this stage, even a discussion like the one that has taken place this morning, is reported in the papers, it is likely to add to the seriousness of the conflict with which Government and all those who are anxious that there should be peace in the country are faced. Sir, it is always difficult to play the role of a political prophet, but whatever happens in this country, I have no doubt that if the suggestion made by my Honourable friend Sir Sankaran Nair is taken up seriously by the Government of India at the instance even of a Conservative Government in power, a more disastrous thing for the continuance of British rule in India could not possibly be thought of. In the concluding sentence of his speech, my Honourable friend Sir Sankaran Nair hoped that this Resolution will be passed by the Council of State, and he desired that the Viceroy be asked to communicate with the present Secretary of State and ask him if the time has not arrived when this suggestion of provincial autonomy could be thought of. May I conclude with only one sentence? It will perhaps be nothing short of an act of cruelty on the part of the Honourable Sir Sankaran Nair and others of his way of thinking in this House if they expect a Resolution so retrograde and so reactionary as this to be passed by this Council and expect also a Viceroy who has been the Governor of more than one province in India and also the Governor General of a free constitution like Canada, who has repeated only the other day that he hopes ere long to see this country advance on the lines of a Dominion constitution, to communicate it to the Secretary of State. A greater act of cruelty I cannot conceive of, and I certainly would not participate in this most unkind suggestion.

THE HONOURABLE MR. Y. RANGANAYAKALU NAIDU (Madras: Non-Muhammadan): Mr. Chairman, the Honourable Sir Sankaran Nair's Resolution on provincial autonomy without Central responsibility appears to me to be the result of confused thinking. Sir Sankaran Nair is known to fame as a great and independent Judge of the Madras High Court and a powerful and patriotic Member of Lord Chelmsford's Executive Council. Readers of the late Edwin Montagu's diary are aware of the embarrassment he caused and rightly caused to Lord Chelmsford and his reactionary colleagues in the Executive Council who were opposed to anything in the nature of radical reforms. The *Madras Mail* described Sir Sankaran Nair then as "the emanculator-in-chief of the Government of India." As high as he had risen then in his fight for India's freedom, so much has he come down to-day in his flight from it. Sir, provincial autonomy without central responsibility will be but a

colossal sham. The Round Table Conference, the Prime Minister, successive Secretaries of State, both Socialist and Conservative, are committed to provincial autonomy and responsibility at the Centre. But Sir Sankaran Nair would have provincial autonomy with a Central autocracy. That would only make provincial Legislatures something like exaggerated district boards or glorified municipal councils. Even the Moderate or Liberal Party in India consisting of such distinguished men as Sir Chimanlal Setalvad and Mr. C. Y. Chintamani of the Franchise Committee will not touch provincial autonomy without Central responsibility. At such a time, it requires some courage to come forward with a Resolution which my Honourable and distinguished friend Sir Sankaran Nair has tabled. Courage he has always had in abundance. But the latest form it has taken is embarrassing in the extreme. Public opinion will not be satisfied if Sir Sankaran Nair's ideas are embodied in Statute. This Resolution is calculated to put back the hand of the clock. One word more and I have done. Sir Sankaran Nair does not want provincial autonomy for all provinces.....

THE HONOURABLE SIR SANKARAN NAIR: I did not say so.

THE HONOURABLE MR. Y. RANGANAYAKALU NAIDU: I will explain that..... but only for those which are in the Secretary of State's opinion "fit".

THE HONOURABLE SIR SANKARAN NAIR: No, I did not say that.

THE HONOURABLE MR. Y. RANGANAYAKALU NAIDU: The controversy about fitness and unfitness has long been relegated to the past. To-day His Majesty's Government stand committed to a scheme of provincial autonomy in all the provinces and federal responsibility at the Centre. It is too late in the day to reverse the scheme of simultaneous responsibility at the Centre and in the provinces though every nationalist and patriot will urge that the electorates should not be separate but joint. Be that as it may, Sir Sankaran Nair's Resolution is going counter to the popular demands and Britain's pledges. Alike from the standpoint of the public and the fulfilment of the pledge of Mr. Macdonald at the Round Table Conference that responsibility at the Centre will be introduced *pari passu* with autonomy in the provinces, the Resolution of Sir Sankaran Nair must be rejected. I would respectfully appeal to our Honourable friend to withdraw his Resolution.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras: Non-Muhammadan): Sir, I am in entire agreement with the Resolution moved by the Honourable Sir Sankaran Nair. I have the highest regard and respect to the Mover for his patriotism and independence. There is a great deal in what he says. He is not against Federal Government. What he says is, let us have an All-India Federation, but meanwhile let us have provincial autonomy. I cannot conceive of any objection to this course. If Sir Sankaran Nair is against an All-India Federation, then one can see the objection. But he is not against it. What he wants is immediate provincial autonomy to all the provinces. Therefore I cannot but agree with him. The Resolution is not however very happily worded. He says "Such of the provinces as are in his opinion fit". I would say that provincial autonomy should be extended to all the provinces, leaving it to the province to work it out. I am quite in agreement with what I consider to be almost the unanimous

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opinion of every political party in India, at least in my province, *viz.*, that there should be early Parliamentary legislation establishing an All-India Federation with Central responsibility subject to such safeguards as may be necessary in the interests of both India and Great Britain. I am for nothing less, especially as the great statesmen who voiced forth the views of His Majesty's Government at the end of the last Round Table Conference have expressly stated their intention to legislate for the Central responsibility with safeguards. The great nobleman that presides over the destinies of British India at the present moment—I mean His Excellency the Viscount Willingdon—has also stated that he envisages the raising of India to the full status of a Dominion during his term of office in this country. The setting up of the various Committees for carrying on the work of the Round Table Conference and the expedition with which the Committee are going about their duties show the sincerity and earnestness with which the statesmen who have the destinies of India in their hands are anxious to implement their promises at an early date. In spite of their best efforts and expedition, I may be pardoned for feeling a doubt as to whether the necessary mechanism of a Federal Government can be set up in full working order within less than three years, or at any rate, two years. The question of the entry of the Indian States into the Federation is likely to involve various difficulties, once the question is taken up for practical solution. There is no reason why pending the setting up of the new constitution, steps should not be taken at once to grant as much autonomy to the provinces as can be done under the existing law of the Indian constitution. For instance, I conceive that it is possible under the existing Government of India Act to transfer all the provincial subjects to the control of Ministers, reserving only a few unimportant subjects in the hands of an Executive Council Member purely for the purpose of satisfying the statutory requirements of dyarchy. The only subjects with reference to the transfer of which to the Ministers the Government could have any doubts are the subjects of Finance and Law and Order; but in various provinces these subjects are even now administered by an Indian Member and I am sure that the Provincial Legislatures would be perfectly competent to control these subjects. For the purpose of fostering the spirit of responsibility which will be required when the Federal Government is brought into being, it is necessary to give responsibility at once, so that the change from the present system to the future may be gradual. I would therefore put in a plea for immediate provincial autonomy in the sense of transference of as many subjects as possible under the existing constitution into the hands of the Ministers. But I would make this clear, that I am only in favour of transference of subjects under the existing constitution and not for undertaking Parliamentary legislation for the purpose of giving provincial autonomy. If Parliamentary legislation is to be undertaken, it is best undertaken for the purpose of implementing the promises made by the Prime Minister and the Secretary of State at the end of the Round Table Conference. I have very great pleasure in supporting the Resolution of Sir Sankaran Nair.

THE HONOURABLE MR. SYED ABDUL HAFEEZ (East Bengal : Muhammadan) : Sir, I have listened to the speech of the Honourable Mover with the care and attention which a subject of this nature deserves. I need not recapitulate the arguments he has brought forward. I have no desire to elaborate them. Every Honourable Member knows how keen is the desire for provincial autonomy in the provinces. Every one knows also how long and persistent has been the demand, and how sustained is the zeal for autonomy in the provinces. I cannot do better than refer you to the demand that was made in

the Legislative Assembly in 1922. Ever since that period, the provinces have been knocking at the gate clamouring for admission, and insisting on the recognition of their rights. The Simon Commission recommended provincial autonomy in no uncertain terms; the various Provincial Legislative Councils have passed Resolutions to the same effect, while public opinion has been eager to acquire rights, and anxious to show its capabilities in the only way it can be shown—by successfully working it.

Sir, the Round Table Conference agreed to the scheme of provincial constitution sketched by the Provincial Constitution Sub-Committee in 1930. The draft constitution suggested by the Sub-Committee of the Conference was approved at the Plenary Session of the First Round Table Conference, and we expected an immediate fulfilment of our wishes. We thought that the British Government would not keep the provinces on the tiptoe of expectation, and confer immediate provincial autonomy. We have been disappointed, our wishes have not been realised, and the provinces are still in the same state in which we found them in 1922. The speech of the Prime Minister on 1st December, 1931, has made it quite clear that provincial autonomy is to be given to any province that desires it. Sir John Simon's speech on the India debate in the House of Commons was no less clear. He said on behalf of the Government that the door is not closed. If any province demands provincial autonomy, its request will be most carefully considered. Let me refer you to the speeches of Lords Peel and Hailsham in the House of Lords. Both these gentlemen strongly pleaded for a chance to be given to the provinces, while Lord Hailsham, who spoke on behalf of His Majesty's Government, expressed the willingness of the Government to concede the demand made carefully if such a request is made. I have deemed it necessary to refer to the speeches of English statesmen in order to remove an impression which seems to have gained currency in certain quarters. It is said by some person that the British Government are committed to simultaneous advance and that there can be no progress in the provinces without responsibility in the Centre. The two, say these gentlemen, are bound together. Nothing could be more incorrect and more misleading. The British Government is not committed to set a policy. Indeed, it could commit itself. All that the Prime Minister said in the House of Commons as well as in the Plenary Session of the Conference, on 1st December, 1931, was that though the Government has decided to follow the policy of simultaneous advance, it was quite prepared to change its policy if circumstances rendered it unnecessary. This is a perfectly correct and a perfectly reasonable and constitutional position. For you cannot impose provincial autonomy against their will. You certainly cannot commit yourself to them. It is for the constitutional and legitimate organs of public opinion to give expression to their demands. It is for this Honourable Body, as well as for the various Provincial Legislatures and other organised bodies of public opinion to demand provincial autonomy. When this is done, we are sure we will succeed. I am, therefore, exceedingly glad that the Honourable Mover has brought forward this Resolution. It is one of the soundest and most memorable Resolutions which it has been my privilege to discuss. The Resolution asks for nothing but what we have been demanding for over eleven years. The position was very clearly put by Dr. Shafaat Ahmad Khan, a prominent delegate to the Round Table Conference, on the 30th November, 1931. I cannot do better than quote his words :

“It is perfectly clear to everybody who has had any experience that if we are really desirous of removing the grievances from which many of the provinces have suffered—it is absolutely essential that something should be done immediately to satisfy their legitimate claims. I know how important the beneficial effect of provincial autonomy would be upon

[Mr. Syed Abdul Hafeez.]

Ministers who are responsible to the Provincial Legislatures. If the Police department is placed immediately in the hands of the Ministers responsible to the Legislature much of the present agitation will die down, because when the Minister has to defend the policy of the Police, he will have to have a majority of the Legislature, that is to say, the majority of the province on his side, if Law is to be maintained and as the Minister supports the policy, automatically a party will be formed in the Provincial Legislature for the Police policy of that Minister. That party exists now. It has always existed. But it has no control over the Police, and possessing no control, it possesses no responsibility when the Police policy is being discussed".

This is a remarkably clear and lucid statement of the position. The provinces have shown by years of beneficent work their capacity for responsibilities of office. Take Education, the progress made by the provinces has been so remarkable; the enthusiasm as showed by the various measures so great that it will be no exaggeration to state that there has been a veritable renaissance of Indian people. Take any other measure of beneficent departments. The position in the country calls for prompt and effective measures. This is no time for a hinkering and a haggling policy, a policy which aims at exploding our difficulties will be injurious to the largest interests of the Empire. India is keen on provincial autonomy, because she wants control over Law and Order. She is keen because she is conscious of solid strength, and is filled with a young appetite for freedom. I have no desire to take up the controversies of the past or of the present, but I think it is necessary to say that the present state of irresponsibility cannot last long. For what have we at present? We allow the Police department to be reserved. We permit unlimited freedom for criticisms. We are free to criticise but have little opportunity for constructive work or work demanding responsibility. Again, it must be admitted that much of the odium which attaches to the Police is due to the fact that it is reserved. We have no control over it. It is something external to us. It is not felt to be a part of our ordinary political framework. The Government is represented by the police in the mind of the public. If we have to avoid mistrust, remove misunderstanding, create a feeling of confidence between the Government and the people, we should be given provincial autonomy without further delay. Had I been assured that federation would be an accomplished fact this year; had some guarantee been given to us that the process of indefinite waiting will soon be over and you would soon have responsible government both in the Centre and in the Provinces, I would most certainly have demanded simultaneous advance. But, Sir, it is well known to every one that we are not yet sure that federation will come into existence. Again it is equally clear to every one who has kept in touch with the development of constitutional progress that even if Indian States agree to come into the federation it will take at least five years to work out the details of the federation. Meanwhile, what happens—simply nothing. There is no progress and there can be no progress. Why? Because it is now a part of the policy, both of constitutional parties in India and of the British Government that there can be no Central responsibility without federation. Hence, if there is no federation or if it takes five or seven years to work out the details of the federation, the provinces must sit with folded hands and pray to God for the day when the Princes will condescend to walk into the British parlour. Is not the position simply absurd? Can any province wait for such a long time? Is it really for a practical person to assert that every province must await the consummation of the happy marriage between British India and Indian India. We do not know yet even if the *mangni* has been performed. I am sure it will not be denied by anyone that while the preliminaries for an alliance are being enacted we have yet to witness the day when the projected alliance will

be changed into a happy ceremony. Let me add that I shall be happy to witness the nuptials. I want the alliance. I believe the couple have no objection to each other, and the union may, let us hope, be attended by supreme happiness to both parties. But it is not necessary to keep the provinces waiting for the performance of that ceremony. Let us go ahead, and show our own capacity for freedom, and our unanimous desire for demand by voting for the first part of the Resolution.

I regret I cannot support the second part of the Resolution. I oppose it because I believe not only some but every province is immediately fit for provincial autonomy. It would, indeed, be most invidious if one selected one or two provinces and labelled the rest as depressed provinces unfit to be trusted with power and capable of managing their own affairs. I say without the least fear of contradiction that the question concerns not one or two provinces, but all provinces in India and it would be most unfortunate if the desire for advance is checked at the present juncture. Sir, I will conclude by saying that we cannot wait; we cannot remain stationary; we can only go forward.

THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH (Bihar and Orissa: Non-Muhammadian): Sir, I rise to oppose the Resolution. It has been made abundantly clear by the Honourable Members who have preceded me by quotations from the literature of the last Session of the Round Table Conference that even His Majesty's Government came to see eye to eye with the majority of the Indian Delegation that the constitutional problem must not be dealt with piecemeal and that provincial autonomy must go hand in hand with responsibility at the Centre. In spite of what is said to the contrary it is as clear as daylight, Sir, that such a *piecemeal* solution is foredoomed to failure, as no section, worth mentioning, of the people can accept it. It is calculated to lead to greater discontent and dissatisfaction than if the present state of things is allowed to continue. It is also well established that there can be no real autonomy in the provinces unless an adequate measure of responsibility is simultaneously granted at the Centre.

Sir, I therefore request the Honourable Mover to withdraw his Resolution.

THE HONOURABLE RAJA SIR RAMPAL SINGH (United Provinces Central: Non-Muhammadian): Sir, with all the respect that I have for the Honourable Mover of this Resolution, I am sorry to say that I am not prepared to support him. He laid a little too much stress on the point that many of our young men and leaders are going to jail and he pointed out that if provincial autonomy is given to the provinces, this state of things will subside . . .

THE HONOURABLE SIR SANKARAN NAIR: No, I did not say so.

THE HONOURABLE RAJA SIR RAMPAL SINGH: At least the blame for sending these men to jails will fall on Ministers. Sir, in my opinion, for this purpose it is not desirable that the claim of India which is based on justice should not be taken into consideration. We claim that India is fit for self-government like the other Dominions and it is very desirable for the sake of India as well as for the sake of England that the whole structure should be planned and set up at one and the same time. It would not be proper to introduce reforms piecemeal. The time has past long ago and to delay the question by giving such piecemeal reforms would be very disastrous. It is

[Raja Sir Rampal Singh.]

very desirable that the whole structure should be planned out and at one and the same time provincial autonomy as well as responsibility in the Centre should be given to India.

THE HONOURABLE SIR SANKARAN NAIR: Sir, I do not think I shall be long in my reply. Before I begin will you, Sir, allow me to read a communication to me from Sir A. P. Patro. It is to the effect that what he had said was that:

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"Pending final completion of an All-India Federation immediate provincial autonomy should be introduced in the provinces together with corresponding changes in the Central Government. The press report quoted by Sir Phiroze Sethna is not correct, that he had receded from his old opinion".

Now, Sir, coming to the matter under discussion, when I heard all these speeches, when I heard that Sir Sankaran Nair is absolutely wrong in this and in that, I wondered myself what did Sir Sankaran say? Sir, first of all, the fundamental basis, the very root of the argument which I put forward, has not been touched—I will not say by any, perhaps they have been hinted at by some. I said that when this decision was taken at the Round Table Conference by the Prime Minister, the conditions were not the same as now, that the civil disobedience movement has made all the difference. Nobody has said a word about it. I said that if the civil disobedience movement goes on like this unchecked, a situation will be created which it may not be in the power of the Government to control. Nobody has said a single word about it. They had not even the courtesy to refer to that argument. I did not say that when provincial autonomy comes all these things are going to stop at once. I never said anything like that, though I contradicted my friends again and again. What I said was that if provincial autonomy is granted the Government will call into existence a force which will meet the Congress face to face and oppose them. Not one of the Members had the courtesy to refer to it or to tell me if it was so or not. Not one of them has denied my statement that if provincial autonomy is granted the result of that will be either that the Ministers to whom all these subjects will be transferred will be able to carry on and stop the movement or they will fight the movement. Not one of them has denied it. Not one of them had the courtesy to refer to it. Not one of them has controverted it. Yet that is the fundamental basis of the whole of my argument. What is the use of reading speech after speech of men who made those speeches when the Conference was sitting and when the Conference was dissolving when the whole point of my argument was that there has been a change since then in the circumstances of the case, when conditions have now arisen which are entirely different from the conditions that existed at the time when the Prime Minister made that announcement? What is the use of reading speech after speech made at that time or speech after speech made before that time without reference to these conditions, which can possibly have no reference to the conditions that have come into existence later. All that must be thrust aside as useless and irrelevant to the discussion. Now, let me state once again. I said if provincial autonomy is brought into existence, then the result will be a new force will be called into existence which will meet the civil disobedience. Well, as to that it was only Sir Maneckji who made a slight reference to it. He said even if you grant provincial autonomy the policy will be the same. Well, it may be the same. I do not say it will not be the same. But what I said was that the burden of the responsibility will be on the shoulders of the Ministers. They will carry on the policy which the present Government is carrying on and then the Congress will have to fight them and they will have to fight

the Congress: either co-operate with them or not. The same thing with regard to law and order.

Now, as to the reasons. It is not necessary for me to go into these things but I would like to make a slight reference here. The real reasons were given by my friend Mr. Natesan here and I agree with him. I did not want to mention it so bluntly. He said the real reason is that behind the minds of all there is the fear that you cannot trust this Government, that the Government is not to be trusted; therefore if provincial autonomy is granted now the other is relegated to Doomsday. You may not get that at all. It appears from the speech which Sir Phiroze Sethna read out of the Leader of the European Party in the British Indian Delegation.....

THE HONOURABLE MR. G. A. NATESAN: On a point of personal explanation, Sir. What I said was that the suspicion of the people has always been that Great Britain is not likely to take earnest steps to see the fruition of our attempts for complete responsible government. If therefore provincial autonomy alone was to be introduced the suspicion will be aggravated and the task of Government will be rendered more difficult than ever. That is fundamentally different from the explanation which my Honourable friend Sir Sankaran Nair is trying to put upon my statement.

THE HONOURABLE SIR SANKARAN NAIR: Very well, I will leave it there. I have nothing to add. That is the same thing which the Leader of the European delegation said. Now, I say that is really the root of the matter. That fear does not exist now as steps are being taken. One other speech was read out by Sir Phiroze Sethna which gives the other reason. That gentleman said that if they allow this provincial autonomy now to be carried out, the opposition will be great. That is so. Because the Congress is against it, because the Congress do not want anything now like provincial autonomy. They want the whole thing or they want nothing. Now, the answer to that is simply this. Whatever might be the form of government which the British Government might give now, the Congress will not be satisfied. We know that from what Gandhi said at the Conference. It will never be satisfied. It will go on fighting and from their point of view they may be quite right. Only I say I am free to differ from the Congress. To say that we do not want provincial autonomy now in deference to that opinion is not good policy; my friends, at least many, are giving up provincial autonomy in deference to or in fear of a party who can never be satisfied, who do not want to be satisfied.

Somebody congratulated me on my courage in bringing forward this Resolution in opposition to public opinion. It is not public opinion. It is Congress opinion. I wish some of my friends tackled this question with courage and were not yielding to the Congress even in this Council. One of the reasons why I brought forward this motion that provincial autonomy should be granted is to induce the people who want to follow law and order to come out into the open, into the field, in order to fight the Congress, and to enable men who have not the moral courage to come out, to come out and to know that there are men with whom they can stand shoulder to shoulder in fighting the Congress.

Then, somebody asked what I mean by provincial autonomy. What I mean by provincial autonomy is what the Prime Minister means. The Prime Minister says that responsible government may now be given with certain adjustments between the Central Government and the Provinces which can

[Sir Sankaran Nair.]

be easily carried out. What he means I mean also. The Prime Minister was in favour of provincial autonomy and we know what sort of provincial autonomy he is in favour of, *i.e.*, "the Governors' Provinces should be responsibly governed units enjoying the greatest possible measure of freedom from outside interference and dictation". That is what I mean saying that you must have provincial autonomy. Then, some Members asked how we could have provincial autonomy without an improvement of the financial condition. I was surprised to hear one of the Members saying that for that reason there should be no provincial autonomy. Why, provincial autonomy is intended for that very purpose. It is intended to enable the Local Governments to get as much as possible of the revenue which they themselves collect. Then they asked, "What about the control? What about this thing and that?" I would not go into these things for the simple reason that the Prime Minister has said that all these things will require consideration. The point of his argument is that the whole of this thing can be settled far sooner than you can settle the other thing. My Honourable friend Rai Bahadur Lala Ram Saran Das opposed the Resolution. I can well understand that opposition. We know why. When we, the Central Committee, went to the Punjab, we found that the Hindus and Sikhs were mortally afraid of the Muhammadans, and they did not want provincial autonomy. If the Muhammadans are to have an upper hand in the Provincial Government, it is only natural that the Hindus and Sikhs there should have their qualms of conscience and they may not want it. I recognise that situation. It is there. That is one reason for my saying that if you are not prepared to grant provincial autonomy for all the provinces, you can grant it for some provinces. It is possible that they may not grant provincial autonomy to the Punjab because the Sikhs, Hindus and Muhammadans there are flying at one another's throats. It is possible that the Government might say there that until you settle the communal question, they will not grant provincial autonomy to the Punjab. It is in order to meet that objection that I have said in my Resolution "to such provinces as the Secretary of State may see fit". I do not want to be definite. Since my Honourable friend Rai Bahadur Lala Ram Saran Das has forced me, I am obliged to put the case of his province forward.

Then they said :

"The Prime Minister's declaration says that the two things are to go together. What is the meaning of your now coming forward and asking that provincial autonomy should be taken up first?"

The Prime Minister said in that statement : "We want to give you provincial autonomy". He said this in the same speech in which he said the other thing. He knows much better than anybody else what he had in his mind. He said :

"The responsibility for the Government of India should be placed on the Central Legislature and the Provincial Legislatures".

Then he went on to say :

"As to the Provincial Legislatures, we are prepared to grant it at once ; but as to the Imperial Legislature, it will take some time".

What he means is this. I never felt any difficulty about it. The plain meaning is this. Responsible government in the provinces will be conferred upon the Legislative Councils of the provinces ; responsible government for

the whole of India, subject to safeguards, will be given to the Viceroy's Council. That is what he meant. Otherwise he would not have afterwards said the other thing at all.

I have finished, Sir. I do not think I have any other point to answer to. I trust that the Council will pass this Resolution.

THE HONOURABLE SIR PHIROZE SETHNA : I ask your permission, Sir, to make a personal explanation in regard to the note which the Honourable Sir Sankaran Nair read out and which was addressed to him by Sir A. P. Patro. In that note, Sir A. P. Patro takes exception to the observation which I made this morning that he has changed his opinion which he expressed at a meeting of the Consultative Committee, and that he is now in favour of provincial autonomy and responsibility in the Centre at the same time. My authority for saying so was a telegram which appeared in one of the Bombay papers—I believe the *Bombay Chronicle*—in which it was distinctly stated that Sir A. P. Patro now held a different view to what he had expressed at the Plenary Session of the Conference. Sir A. P. Patro saw me during the lunch hour in the lobby. I quoted to him my authority. He said he knew of the telegram but he had not contradicted it. If he does not choose to contradict, how are we, the Members of the Council, to know whether the paper was right or whether Sir A. P. Patro was right? In any case, Sir, now that he says that he adheres to his old opinion, all I can say is that I am perfectly prepared to withdraw the compliment I paid him this morning and to say that I am as sorry for him to-day as I was along with the other delegates when he made what statement he did at the Plenary Session of the Conference in London.

MR. CHAIRMAN : The question is that the following Resolution be adopted :

"This Council recommends to the Governor General in Council to request the Secretary of State for India to take such steps as may be possible to introduce immediately provincial autonomy into all the provinces or at least in such provinces as are in his opinion fit for the same."

The Council divided :

AYES—4.

Chetti, The Honourable Diwan Bahadur G. Narayanaswami.	Muhammad Din, The Honourable Khan Bahadur Chaudri.
Hafeez, The Honourable Mr. Syed Abdul.	Nair, The Honourable Sir Sankaran.

NOES—16.

Banerjee, The Honourable Mr. Jagadish Chandra.	Naidu, The Honourable Mr. Y. Ranganayakalu.
Basu, The Honourable Mr. Bijay Kumar.	Natesan, The Honourable Mr. G. A.
Charanjit Singh, The Honourable Sardar.	Pandit, The Honourable Sardar Shri
Dadabhai, The Honourable Sir Maneckji.	Jagannath Maharaj.
Ghosh Maulik, The Honourable Mr.	Raghunandan Prasad Singh, the Honour-
Satyendra Chandra.	able Raja.
Israr Hasan Khan, The Honourable Khan	Rampal Singh, The Honourable Raja Sir.
Bahadur Sir Muhammad.	Ram Saran Das, The Honourable Rai
Jalan, The Honourable Rai Bahadur Radha	Bahadur Lala.
Krishna.	Settna, The Honourable Sir Phiroze.
Mehta, The Honourable Mr. H. M.	Suhrawardy, The Honourable Mr.
	Mahmood.

The motion was negatived.

RESOLUTION *RE* TRAINING OF YOUNG SCIONS OF THE HOUSES OF SARDARS, JAHAGIRDARS, INAMDARS, ETC., FOR MILITARY SERVICE.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay : Non-Muhammadan) : Sir, I beg to move the following Resolution :

“ This Council recommends to the Governor General in Council to give special facilities to the young scions of the Houses of Sardars, Jahagirdars, Inamdars, and the feudal aristocracy generally in India to be trained with a view to enter higher military service under the British Government in India and to reserve for them a reasonable number of the posts of Commissioned officers in the Army.”

Sir, the Honourable Members will see that this Resolution has a limited scope, because it contains only one specific recommendation, namely, to give special facilities for the entry of a special class into the higher military services in India. That class is the class of Sardars, Jahagirdars, Inamdars and the feudal aristocracy generally in India. It is not my purpose, therefore, in speaking to this Resolution, to raise any broader or higher issues about the Indianisation of the military services. Of course, I cannot honestly say that I am satisfied with the present pace of the progress of Indianisation. I do wish that the limits now set upon the numbers for admission to the higher military services should be widened. I do not believe that the requisite number of fit and eligible young boys would not be available if these limits are widened. Government have only to throw the doors wider open and they will at once find that the requisite number of candidates becomes available and would be only scrambling to get in. Further, I fail to find much reason or logic in the arbitrary division between the so-called martial and non-martial races in India. But as I have already said, I do not wish to enlarge on this broad and general aspect of the question. The purpose of my specific recommendation, contained in this Resolution, will be served if only a few more additions are made to the number now fixed of the entrants to the higher military services through training at the proposed Sandhurst Military College, and further if these additions are reserved for young boys belonging to the class of Sardars, Inamdars and great landholders in India. The principle of reservation in my Resolution is by no means a novel one, for, in the latest scheme, reservations have been made for the families of Princes and for the benefit of Imperial Service Troops maintained by the States. Further, I do not want the reservation for the Sardars, Inamdars and Jahagirdars, etc., to encroach upon the meagre measure of posts already allotted for competition by the common people. Therefore, I would like to have a few more additions made to the number already allotted to the Indian States, the families of military service pensioners and the general competition wallahs, and I want these to be reserved for the class of Sardars and the feudal aristocracy in India.

Now, I shall turn to the question why such a reservation would be just and equitable. Most of the Sardars and Jahagirdars and many of the great landholders belong to families whose founders were soldiers and captains, distinguished in their own way, and whose useful military service to some ruler or other was probably a reason for the original grant for the *jahagir* or the *inam* itself. Under the old military system in India, either the obligation of military service was attached to and went with the land, or even when it was not so, the levies of armed men, made from time to time in the cause of the rulers of the land, were recruited from the class of people who were equally familiar with the sword and the plough. The great Shivaji Maharaj actually proved, hardly three hundred years back, that every farmer was a potential soldier. The

saying that the baton of a field-marshal is carried in the knapsack of the soldier was very often verified in the pre-British history of India. Many a farmer who fought as an ordinary soldier may have been easily forgotten, but every existing *jahagir* and many an *inam* still shines as a high colour point on the canvas of the military traditions of the Indian people. If the military traditions of the Sardars, Jahagirdars and Inamdars' families have been forgotten, their very existence is in danger of being encrusted with present neglect and want of suitable opportunities for actual service. This class of people have not only reconciled themselves to the British rulers, but have also proved pre-eminently loyal to them. They are still held in respect and esteem by the common people and willingly accorded by them the position of natural leaders. Their inherited military qualities could certainly not be obliterated simply by the lapse of a few generations. I maintain, therefore, that it is up to the Government to do what is but bare justice to them by recognising their status and position in public life. A few places being reserved for them among the annual recruitment of candidates for higher military services will put into that class a new hope of life, and the House would, I venture to say, appreciate the special plea for them, coming from me as a representative of that class. Sir, I move.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I rise to support the Resolution of my Honourable friend Maharaj Pandit which has been so ably moved by him, with all the emphasis that I can command. It is a very modest Resolution and ought to be accepted by this House and Government. As my friend the Honourable Maharaj Pandit has advanced almost all the cogent reasonings in favour of his Resolution couched in such language, it remains very little for one to add to what he has said. Special facilities, I think, Sir, are given—of course I am subject to correction—to the sons of the peers of the realm in Great Britain. So there is a precedence there and we can very well follow the precedence. Sir, the Queen's Proclamation regarding the granting of Commissions to Indians in the Army was so long a dead letter but with the introduction of the Montagu-Chelmsford Reforms the door has been thrown open to Indians, but I am sorry few are admitted and it is still more regrettable that the sons of the landed aristocracy, who are the natural leaders of the people, are conspicuous by their absence in the Army. The landed aristocracy in India is loyal to the King, and the Government here can always count upon its help and support in weal or woe and as such the landed aristocracy is entitled to receive favourable consideration at the hands of Government in respect of facilities to be given to their sons in the Army. With these few words, Sir, I beg to support the Resolution which I hope will be adopted by the House.

THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH (Bihar and Orissa : Non-Muhammadan) : Sir, I rise to support the Resolution just moved. I would only amend it so as to extend its scope to big landholders who, in my province, stand on the same footing as the Sardars, Jahagirdars, Inamdars and the feudal aristocracy specifically mentioned in the Resolution.

Sir, the aforesaid classes including big landholders, holding as they do large stakes in the country and so forming the stable elements in society are naturally attached to the present stable system of government and can be safely relied upon to offer loyal services to any other stable form of government that may be established as a result of the labours of the Round Table Conference and its Committees already at work here in India. These classes, Sir, have

[Raja Raghunandan Prasad Singh.]

throughout the recent and past history of the country, been the natural leaders of the masses and have always distinguished themselves as commanders of armies. Their martial instinct, their traditions, their bringing up, all make them peculiarly fitted after necessary training to hold Commissioned ranks in the present or future Indian Army. Their devotion and loyalty to the governing authority is undoubted and the position that they hold in society and their martial instincts as well as the respect and regard that they command amongst the people by virtue of their ancient traditions and their culture make them eminently fit to be trained with a view to their entering higher military service and, Sir, the Government will be only consulting its own interest and those of the Government that will soon be taking its place as a result of the impending changes in the Constitution to accept the recommendation that is made in the Resolution. I would strongly appeal to the Government, Sir, to accept the Resolution and give effect to the recommendation contained therein at an early date by taking necessary steps to admit to superior military training youths belonging to the classes mentioned in the Resolution without distinction of caste, creed or colour. This will not only fulfil the aspirations of the said youths but make the defence of the country in the present as well as in the future safe. I would therefore earnestly request the Government to reserve a number of posts in the higher ranks of military service for youths of the said classes proportionately.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay: Non-Muhamadan): Mr. Chairman, I rise to oppose this Resolution. I happened to be, Sir, a member of the first Indian Sandhurst Committee, better known as the Skeen Committee. At that time great stress was laid by some witnesses on restricting the selection to what are known as the military classes. The Committee as a whole did not approve of the idea, but reserved a certain number of vacancies for those connected with the Army. At that time it was contended that the military profession does not appeal to the Indian and candidates would not be forthcoming. This very morning's paper tells us that for 15 vacancies to be filled by competition there have been received as many as 800 applications. That shows that there is a desire on the part of the Indian public to go in for military service. I now come to the second Committee, known as the Indian Military College Committee, better known as the Chetwode Committee, which met last year and was presided over by our esteemed Commander-in-Chief. I would like to draw the attention of the House to paragraph 15 of that Report, which reads as follows:

"Proportional allotment of vacancies.—The majority of us are in favour of allotting half the vacancies at the Indian Military College, i.e., 30 a year to cadets from the ranks of the Indian Army. Of the remaining 30 vacancies, we recommend that 24 a year should be open to competition, and that the Commander-in-Chief should have the right to fill six vacancies by nomination from among those candidates who have qualified at the entrance examination, but failed to secure a place in open competition. We suggest that in making these nominations special consideration should be given to candidates who are members of the Auxiliary and Territorial Forces, including the University Training Corps. We are all agreed that in the event of the Commander-in-Chief being unable owing to lack of suitable candidates, either to select Indian Army cadets up to the proportion decided upon, or not requiring to exercise his power of nomination to the full extent, the resulting balance should be added to the competitive vacancies and allotted to candidates according to the examination results".

Now, Sir, this recommendation of reserving 30 for the military classes and out of the remaining 30 only keeping open 24 vacancies for the general public and placing six in the gift of the Commander-in-Chief to appoint whomsoever he likes has not been very greatly appreciated by the general public.

To make matters worse, my Honourable friend the Mover of the Resolution desires that a special class be introduced whereby scions of Sardars, Jahagirdars, Inamdars, and the feudal aristocracy might be given a few more vacancies. The Honourable Mr. Jagadish Chandra Banerjee, who spoke second, referred to the landed aristocracy. I do not think that this class is included in the Resolution as framed by the Honourable Mover. Again, I do not know to which particular class the Raja Saheb referred. If the landed aristocracy is also to be specially favoured along with those mentioned by the Mover, why leave out the Talukdars of Oudh, why leave out many other communities who have loyally served Government? In that way you will go on gradually expanding these special compartments to the detriment of the general public. On these grounds, Sir, I oppose this Resolution but at the same time point out to the Sardar that if, as I read out from paragraph 15, enough men are not found to fill the six vacancies which His Excellency the Commander-in-Chief might fill up by appointing from those who belong to the Auxiliary and Territorial Forces, that His Excellency might be appealed to to include amongst the six appointments in his gift scions of the classes referred to by the Mover.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I find some difficulty in replying to this Resolution because it is so very vaguely put; so I have had to decide in my own mind what the Honourable the Mover really did mean. And if my supposition is right, although I have great sympathy with him, as I feel I belong to the same class myself—being I might say a Jagirdar in England—I must formally oppose the motion on behalf of the Government because it would be quite impossible for me to recommend to them that they should take action on the lines he proposes. As I take it the proposal is to confer special privileges on a special class or classes—Sardars, Jahagirdars, and the feudal aristocracy and so on. If that is the case, it would be, Sir, a complete departure from the practice obtaining in any regular army in the world now, and in my opinion would not only be unfair in its incidence but would lead inevitably to special demands from other classes which, if we granted them to one, would be most difficult to refuse in other cases. India has asked for a military academy and she is asking for a quickening up of the Indianisation of her army, and we are in process of giving her both and in that process it is our object to make both the military academy and the new army approximate as closely as possible to the best models of regular armies now in existence, and in those armies democratisation of the supply of officers and abolition of privilege is the key-note. All India is now demanding a democratic form of government. I heard that word "democratic" used by the Honourable the Mover of the first Resolution to-day almost in every third sentence and yet, if the terms of the Honourable the Mover of this Resolution were accepted, he would be moving in effect and he would be asking this Chamber to agree with, on the one hand to a democratic form of civil government and with the other to the perpetuation of privilege in the Army for those of high social status or ancient descent. The Army in India does differ, I admit, from other popular armies because it is not drawn either by conscription or by voluntary processes from the whole nation, and in India the soldiers are largely drawn from what we call either the enlisted class or as some people call them the fighting races. But while it is a matter of dispute whether we do or do not draw our recruits from the only sources in India which will give the country good value for its money, there is no doubt whatever in my own mind that the classes we do draw them from do indeed give very good value. But from whatever class we draw them it is obviously desirable, I think, that

[His Excellency the Commander-in-Chief.]

young men who belong to the same race and the same religion as the men who enlist in the ranks should be given special opportunities of securing King's Commissions, in order that we may have at any rate a large proportion of the officers of your future Army who will have the entire confidence of the men they lead. And in addition, to mention the democratic principle again, that proposal to allow all these boys, this 50 per cent. of boys, an opportunity of getting King's Commissions through the ranks is again encouraging the democratic principle that there may always be a baton in every soldier's knapsack. Boys of any class now can compete in the open competition if they pass the Interview and Record Board. The classes for whom the Honourable Mover has appealed have that chance, and they have again the same chance as other boys who are accepted as recruits for the rank and file and can by special selection after a period of service in the ranks enter the military academy as Y cadets in exactly the same manner as our own British boys in England. I have heard lately that some of them do not like serving in the ranks. If they do not, I do not want them. If they have not what is vulgarly known as the guts to go through that service in the ranks, when they cannot go in any other way, they are not going to be of much use to us. Many of our most successful leaders have started their career in this manner and come to the top. Before finally opposing the motion, Sir, I would like to correct a mistake made by the Honourable Mover. He said that we were giving special vacancies in the new military academy to State candidates. We are not doing so. Those State candidates are not coming into the Indian Army. It was the opinion of the Committee over which I presided that it was a matter of courtesy and a matter of expediency to allow a certain number of boys from the States to have the benefit of the education at the new academy in order that they could afterwards enter the Army of their States but they will not enter the Indian Regular Army. I therefore formally oppose the motion.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT: Sir, His Excellency the Commander-in-Chief in his official reply has pointed out that in these days of democracy no reservation can be made for a certain class as has been proposed by me. If the whole matter of recruitment of Indians to the Commissioned ranks of the Army and their training in our Military College had been based on considerations of pure democracy and all vacancies for annual admissions of cadets in the College had been thrown to open competition, I would never have dared to bring forward such a Resolution. But, as His Excellency himself has proposed and lent his support to the final decision, that as many as 36 vacancies out of 60 be filled by nominations, we, as loyal citizens whose loyalty has been proved and admitted by the Government itself and who represent the martial aristocracy of the not very distant past, feel that we have a legitimate claim to demand a share out of these nominations. I therefore suggest to His Excellency that he be pleased to fix a certain percentage of these nominations to be reserved for the boys of our class or that he may agree to add to the number of admissions to that extent. We are quite prepared to submit our boys to the test of educational and physical fitness that has been prescribed. I hope His Excellency will reconsider and accept my Resolution.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: I have nothing to add, Sir, to what I said.

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION RE DECREES PASSED BY COURTS FOR INTEREST.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN (East Punjab: Muhammadan): Sir, the problem of debt and interest in a country predominantly agricultural has always been one of keen interest to the people of the country. Faced with a cycle of lean years, the agriculturist is at times bound to fall into debt, and his misfortune in this respect is often exploited by those who are in a position to advance him the money he is in need of. High rates of interest are stipulated upon, which at the moment the man in need agrees to, but which subsequently he is unable to carry out, and if he does carry them out, he thereby cripples himself financially for all time. This failure on the part of the debtor to carry out his stipulated obligations, adds to the sense of insecurity of the creditor, and this sense of insecurity again tends to raise the rate of interest. Thus things move on in a vicious circle to the detriment of both the debtor and the creditor. The remedy for this lies in fixing an equitable rate of interest. It will prevent the exploitation of the debtors. It will at the same time prevent losses to the creditors caused by too frequent defaulting of the debtor.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Will you define "equitable rate"?

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN: I am coming to that. The question what is an equitable rate of interest is a very difficult one to answer. The law at present gives power to the courts to disallow interest claims based on exorbitant rates. But this provision has remained a dead letter for the courts generally finding the question a difficult one have preferred to take the line of least resistance, and have ignored it altogether. It is still more difficult to fix a general rate of interest by legislative enactments; but a broad equitable rule like the one suggested in this Resolution can certainly be adopted.

The rule is not a new one. It has its basis in Hindu Law, the Law of Manu. The Law of Damdupat lays down that whatever the rate of interest agreed upon, the total of interest claimed shall in no case be allowed to exceed the principal. It places no limitation on the rate of interest, but only lays down the ultimate limit beyond which the agreement will not be permitted to operate. The rule is widely observed in India and is sanctioned by commercial usages in some parts of the country. The Resolution only recommends to the Government to secure a much wider sphere of operation for it, so that classes and communities, in which it is not in vogue, may also derive the benefit of the equitable principle on which it is based. Sir, I move that:

"This Council recommends to the Governor General in Council to secure legislation to the effect that in all interest-bearing monetary transactions in which the total of interest claimed exceeds the amount of principal advanced, the courts should in no case pass a decree for interest in excess of the principal amount."

THE HONOURABLE SIR PHIROZE SETHNA (Bombay: Non-Muhammadan): Sir, I am sorry to have to rise to oppose this motion as well. The remedy suggested by my Honourable friend the Mover is worse than the disease. It is a well-known fact known to merchants that capital doubles itself at compound interest in the number of years you get if you divide 71 by the rate of interest. Suppose the rate of interest is 12 per cent. Then the capital doubles itself in just about six years. If the rate of interest is 5 per cent., divide 71 by 5, and it doubles itself in a little over 14 years. Suppose

[Sir Phiroze Sethna.]

one lends Rs. 1,000 at 12 per cent. It doubles itself in six years. Why need the creditor wait for six years? At the end of the fifth year he would ask for a fresh receipt, and that receipt will be made up not only of the original capital amount but the interest will be added to it and a fresh lease of life will be given to that receipt. Or it might be done in another way. We know that some money lenders, whilst they lend Rs. 500, take a receipt for Rs. 1,000. A man who wants to charge 12 per cent. on Rs. 500 will tell the borrower: "If you sign for Rs. 1,000, I will charge you 6 per cent." and he can give a verbal assurance that on the proper date he will consider the capital not as Rs. 1,000 but as Rs. 500. The borrower will have to submit to these conditions and in this way the interest will not equal the capital amount in practically double the time. Therefore, I hope from these instances I have been able to satisfy the Honourable Mover that the remedy he suggests is worse than the disease and his suggestion is almost impracticable.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I endorse fully what my Honourable friend Sir Phiroze Sethna has said. I think the motive behind the Resolution of the Chaudri Sahab is a noble one, but perhaps the Chaudri Sahab is not aware that owing to certain reasons and certain policies, the rate of interest has been allowed to swell up with the result that even for first class parties, the rate of interest has been ruling at about 12 per cent. It has been a matter of pleasure for the commercial people to find that after a long time, it is only recently that the Imperial Bank rate has been reduced to 6 per cent. I do not know how long that rate will continue, but we hope that it will continue for some time. Many people wrongly think that the Imperial Bank rate is the rate at which many people can borrow, it is only meant for selected parties. I might explain that all the branches of the Imperial Bank charge at least 1 per cent. over the bank rate at their headquarters, and for three months' drafts another 1 per cent. is added. So, in case the rate is 6 per cent. at the headquarters, 7 per cent. is the ordinary rate at branches, and for bills for over 30 days the rate is 8 per cent. This 8 per cent. rate has only come into operation since the last few days. Otherwise, the rate has been ranging in the vicinity of 9 to 10 per cent. Some time back when this question of regulation of interest was taken up by a certain section of the public, its objective was that loans be made on easy terms and at a low rate of interest. I think my Honourable friend would have been well advised if he had moved a Resolution for the establishment of State Agricultural Banks. That is the only way in which the noble object which he has in view can be achieved. Resolutions like this, instead of helping those for whom the Chaudri Sahab advocates, will have a reverse effect. I know that such like proposals are creating a sort of suspicion among the money lenders and bankers, that loans for agricultural purposes are generally being considered as risky ones. I am not going into further details, as to whether the loans are risky or not. But that is the impression which is gaining ground, with the result that every day it is becoming harder for the poor agriculturist to borrow money. The object of the co-operative movement was mainly to help the poor agriculturist, and ever since this was started—I am speaking of the Punjab only as I have not figures for other provinces before me—and after many years' working in the Punjab the Co-operative Banks or Societies have not been able to find even one-fiftieth of the capital that is needed for financing such agriculturists. In the present state of economic depression and of the Government finances it seems to me impossible for a good many years to come for the Government to establish a State Agricultural Bank which could give

cheap loans, and for long periods. I think that this Resolution is not clear enough because it does not specify what the equitable rate of interest is, and to leave this important point of rate in the hands of the subordinate judiciary is not safe. Therefore, Sir, I oppose the Resolution.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : Nominated Non-Official): Sir, I do not wish to speak on this Resolution

at all, but I would like to correct my friend Lala Ram

4 P.M. Saran Das, who is under some misapprehension as regards the nature of the Imperial Bank rate. My friend does not correctly understand what is meant by a bank rate. A bank rate is the minimum rate at which the Imperial Bank is prepared to advance money. Further my friend says that, whatever the bank rate may be, the Imperial Bank always demands one per cent. over and above that. My friend probably is not aware that the bank rate is the rate at which the Imperial Bank advances money to other Banks on gilt-edged or other reliable securities, and not to the general public. They do advance in many cases on the security goods and liquid assets and also on the joint promissory notes of two parties when their credit is sound but such cases are very few and far between. I quite admit that the advances by the Bank mostly depend on the credit of the party or parties. But the usual practice is, for the Imperial Bank to demand one per cent. or half per cent. over the bank rate. That is all I wish to explain to my Honourable friend. He has really misunderstood the import of the term "bank rate".

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: On a point of personal explanation, Sir. I did not misunderstand. What I said was that Bank rate is not meant for everybody, and I think my Honourable friend Sir Maneckji has also dwelt at length to clarify the same point. What I said was that everybody cannot borrow at that Bank rate.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadian): Sir, I rise to oppose the motion. I have great sympathy with the unfortunate creditor who lends money but never recovers any interest from the debtor. Supposing a man borrows and never pays interest for ten years—interest accumulates. As a matter of fact, the Usury Act is applied by courts. In certain courts they do disallow exorbitant interest, even compound interest is not allowed in certain cases. But as my friend Rai Bahadur Lala Ram Saran Das said, if you want to help the petty borrower it must be more by way of opening agricultural banks where they can get accommodation at a lower rate of interest. Therefore the Resolution as it stands will not help the debtor in any way. As it is people who lend money cannot get their small capital realised. When a decree is passed it takes two or three years to obtain the fruits of his decree. At times the creditor does not even get the principal. Therefore, from every point of view the creditor also requires protection. From this point of view, I do not think the Resolution will do any good. Open more agricultural banks which can help the ryots. But as it is I fear I have to oppose the Resolution.

THE HONOURABLE MR. H. W. EMERSON (Home Secretary): Sir, I think the object of my friend the Honourable Mover of the Resolution is less to propound a hard and fast solution of a very difficult problem than to draw attention to what at the present time is a grave evil, namely, the burden of debt under which the people labour, and especially the rural population, and the abuse in some instances of the power which the money lender with his

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resources of capital possessors. Now, I think we all in this House appreciate the very great difficulties of the peasantry of India at the present time, arising from the phenomenal fall in agricultural values. We all sympathise with him in his difficulties and we admire the courage with which he is facing them and the loyalty with which he is carrying out his obligations whether to Government or to the money lender. We should all be pleased if the simple solution which the Honourable Mover has put forward was really the way to the salvation of the cultivating classes. I am afraid, however, that is not the solution. The question of indebtedness owing to high rates of interest, whether of the rural or the urban population, has recently attracted the attention of a number of Committees. The Royal Commission on Agriculture had something to say about it from the agricultural point of view. The Royal Commission on Labour has also made suggestions on the industrial side. The Banking Committee has made recommendations from the point of view of finance. There have been many suggestions. The difficulty is to find any solution. In normal times it is difficult enough. At the present time, the difficulties have been greatly enhanced by the economic crisis through which the whole world is passing. It does not appear to be a time for heroic remedies. In considering the troubles of the debtors we must not lose sight of the misfortunes of the creditors, if for no other reason, because, if our forgetfulness leads to precipitate action, we may, as several speakers have pointed out, actually increase the troubles of the class we are seeking to assist. At the present time rural economy is passing through a series of adjustments. Government have had to reduce their revenue demand, the landholder has had to abate his rent, the money lender has had to restrict his credit, and in many cases he has had to postpone his claims. The cultivator has had to reduce his standard of living, already deplorably low. He finds it more difficult to obtain loans from the money lender, partly because his security is less than it was, and partly because the money lender himself has not as much money to lend as he previously had. But taking things as a whole, the rural credit system of India is adapting itself to the unparalleled conditions of the time better than a year ago one might have anticipated. I would ask my Honourable friend if this is the moment to attempt the drastic measure such as he suggests. Does he believe that if his proposal became law the difficulties of the cultivator would be solved? We all know they would not. The immediate effect would be to restrict credit. The money lender would decline to lend money on the terms suggested. He would at once file a very large number of suits in the courts for the recovery of loans at present outstanding. Ultimately of course the law would be evaded as the Honourable Sir Phiroze Sethna has pointed out. But before that stage of evasion had been reached, a shock would have been given to the whole system of credit, to the good money lender as well as to the bad which would be extremely disastrous to the whole body of debtors and particularly to the cultivators. For these reasons, Government are unable to accept the Resolution. At the same time that does not mean that Government are not concerned with the question of agricultural indebtedness, or indeed of general indebtedness. The matter was debated at length in another place a few months ago on a Resolution moved by Maulvi Sir Muhammad Yakub. I think there was a two days' debate on the question. During that debate the Usurious Loans Act came under considerable comment and criticism and an undertaking was made on behalf of Government that they would address Local Governments, obtain from them a report on the working of the Act, ask them for suggestions as to how it could be amended, so as better to achieve its purpose, and generally to invite any recommendations they might have to make

regarding the abuses arising out of excessive rates of interest. That reference has been made to Local Governments. Only one or two have so far replied and it is impossible from the replies that have been received to form any estimate of what the general trend of opinion is likely to be. I am certainly not therefore in a position to make any commitment on behalf of the Government as to what form of legislation, if any, they may be prepared to undertake. But I can give an assurance that Government will give their closest attention to the matter, that they will carefully consider all the replies of Local Governments when they are received and come to a conclusion as to whether, and if so what, amendments can and should be made. Further I can give an assurance—and this to my mind is very important—that the Government of India will keep in touch with the question of indebtedness, and specially of rural indebtedness and the effects which the present economic crisis may have on the general problem of indebtedness in the country. I hope with this assurance the Honourable Member will withdraw his Resolution.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN: Sir, the money lender is as essential in India as the agriculturist himself and my aim in bringing forward this Resolution is to create amicable relations between the creditor and the debtor. The creditor is as much entitled to protection as the debtor, but it is a fact that usury is a monstrous evil literally bleeding white the agriculturists and labourers, and they deserve consideration from the Government. A desperate peasantry would mean anarchy and we have to find a solution.

I am grateful to the Honourable Mr. Emerson for his sympathetic reply and with the assurance given by him, I ask permission to withdraw the Resolution.

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* REPEAL OF THE CHILD MARRIAGE RESTRAINT ACT.

THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH (Bihar and Orissa : Non-Muhammadan): Sir, before I formally move my Resolution, I wish to make a slight amendment by substituting "as early as feasible" for "during the current session of the Council of State," and I seek your permission.

MR. CHAIRMAN: The Resolution has been amended and reads as follows:

"This Council recommends to the Governor General in Council to be pleased to bring in a Bill to repeal the Child Marriage Restraint Act, known as the Sarda Act, as early as feasible."

THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: Sir, I beg to move the amended Resolution that stands in my name.

Sir, it must be fresh in the recollection of Honourable Members what a storm of protest was raised against the Child Marriage Restraint Bill in all its stages by the entire orthodox section of the Hindus throughout the length and breadth of the country and reading the reports of the debates one would find that some Members belonging even to the sections which love to style themselves as advanced opposed the measure not because they disagreed with the

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principle but because they conscientiously felt that it was not wise to thrust a piece of reform down the throat of an unwilling people by means of a penal legislation and it was significant enough that four of the Local Governments, e.g., those of Madras, Bengal, the Punjab and Bihar and Orissa, were against the measure. The resolutions passed against the measure at innumerable meetings all over the land, petitions, signed by hundreds of thousands all showed unmistakably that the measure was just the reverse of popular and it was clear that had the Government remained neutral, as it ought to have done, there would not have been the ghost of a chance of success for it. The charge of indifference and nonchalance constantly laid at the door of the Government by the enthusiasts for political freedom had led them to support that pernicious measure in spite of the fact that they are pledged to remain neutral in all matters relating to social and religious reforms. Now, Sir, that it is sufficiently clear that during these two years the Sarda Act has not produced any effect, that its provisions have been openly or surreptitiously and with impunity broken by the mass of the population, only a handful of well-to-do people having been subjected to indignity and humiliation at the instance of their enemies in the name of the operation of the Act, it is high time for the Government to think of bringing in a repealing Bill at least in deference to the feelings and sentiments of the orthodox Hindus who form the bulk of that community and who, as believers in the teaching of their ancient faith, namely, *Naranam Chandradhipam* are loyal to the British Crown, as well as to those of the majority of the Muhammadans.

Sir, I shall not weary the House by discussing the various grounds on which the measure was bitterly and vehemently opposed by the orthodox section of my community; I shall not try to drive home to the House how the Act drives a coach and four through the spirit as well as the letter of the Hindu Shastras, how dangerous was the precedent created of interfering with the personal laws, customs and usages, religious and social, of the Hindus and I take it, of the Muhammadans and how needful it is for social growth to come from within if it is to be effective and beneficial. All these are matters that were discussed threadbare on the floors of this and the other House by gentlemen of far superior intelligence, learning and wisdom.

Sir, it was sickening to see hundreds and thousands of people in my part of the country trying desperately to evade the provisions of the Sarda Act by giving their sons and daughters in marriage even earlier than they used to do before, during the period between the passing of the Act and the date of its coming into force. That showed conclusively how unpopular the Act was and no wonder. All reforms imposed from without are bound to fail unless they are in consonance with the genius of the people. Sir, I am personally ignorant and extremely conservative. They require to be educated and made to see the evils by a suitable educative propaganda. This will prepare the ground for the introduction of a reform which then can be expected to strike at the root and fulfil its purpose. Any attempt to force a reform by means of penal legislation must needs defeat its own end, as it has undoubtedly done in the present case.

Sir, in their impatience the sponsors of the Bill clean forgot that amongst Hindus as well as amongst Muhammadans marriage is a sacrament, not a contract and marriages are arranged and fixed by parents and guardians for their children instead of being elective as amongst Christians. I will not go into the question whether an elective marriage is preferable to the sort in

vogue in Hindu and Muhammadan societies, though, of course, being an orthodox and more or less conservative Hindu I am naturally in favour of the present system. But even if it be supposed that the introduction of the elective system will purge Hindu society or Muhammadan society of all the evils it is supposed to suffer from and will bring it into line with what the enthusiasts for marriage and other reforms amongst us consider advanced and progressive societies of Europe and America, the advocates of the system have first of all to convert the masses into their way of thinking and this can be done not through a penal legislation but by propaganda amongst them. I, for one, however would oppose the introduction of the elective system with all the earnestness and strength that I can command as the elective system will necessarily be followed by a system of divorce amongst Hindus, a system than which it is impossible to conceive of a more direct negation of the spirit of Hindu genius and culture.

Sir, if the object of the Sarda Bill was to do away with pre-puberty marriages, they would have done well to throw themselves heart and soul into the work of re-installing in its pristine purity the system of *dwiragawan* or *gauna*. Everybody who knows the Hindu society knows that marriages therein are betrothals and consummation comes much later in the form of *dwiragawan*. The period used to range between three to five years according to the respective ages of the brides and bridegrooms. So long as this system was truly followed and was in full force the evils complained of did not exist.

Sir, in all that I have submitted till now I have assumed for argument's sake that the contention of the partisans of the Act that early maternity is the cause of the appalling rate of infant mortality as also of the mortality amongst mothers is correct, though I am inclined to put a premium on the conclusions arrived at after laborious researches by scientists like Havelock Ellis who most distinctly endorse :

"the ancient Indian view that girls become fit to be mothers on the first onset of menstruation and that abstinence after attainment of puberty is fraught with the most disastrous consequences".

Even the writer of the last but one Census Report found that :

"in Burma where there is no child marriage the rate of infant mortality is higher than in Bihar and Orissa where child marriage prevails".

Sir, I am strongly persuaded that the cause of the undoubted physical decay and degeneration visible amongst us has to be looked for elsewhere than in our ancient and time-honoured marriage system. It is directly and unmistakably traceable to the deplorable economic conditions obtaining in the country, to the want of adequate supply of pure milk and other nourishing articles of food, etc. In my opinion, therefore, the true benefactors of society are those who strive their mightiest by strictly constitutional and legitimate means to bring about the economic regeneration of the people and not those who, led by their zeal to make India another England or France or America socially, culturally and politically, seek to wipe away all its past and give it a clean and new slate to record its progress in civilisation.

Before bringing my remarks to a close, Sir, I should like to make my humble appeal to the Government to be pleased to respect and scrupulously observe their most commendable and age-long policy of non-interference in matters religious and social even at the risk of having all manner of abuse hurled at them by impatient social and religious reformers. It is well known,

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Sir, that during the civil disobedience movement last year and its revival in the present year, unscrupulous political agitators exploited and are yet exploiting the fact of the Government support of the Sarda Bill to stir up disaffection against them. They tell the ignorant people of the countryside that Government is not content with only enslaving them politically but is consistently making inroads on their religious and social systems. I appeal to the Government to be pleased to lend their support to my Resolution and give effect to it by bringing in a repealing Bill as early as feasible so as to rehabilitate the confidence of the people in their *bona fides*, which confidence, I am afraid, has been considerably shaken lately.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Sir, I rise to oppose this Resolution. I was one of those who took part in the Council of State debate when this measure was debated. The pros and cons of the question were very carefully considered, including all the arguments which have now been advanced. I do not think anything has happened in the interval since the passing of this measure to make us now reconsider our opinion. I think it is to the credit of Government that after a great deal of agitation they were persuaded to take their courage in both hands and help the social reformers in putting through a measure of this kind which undoubtedly is to the benefit of Hindu and Moslem society. I am quite aware there was a great deal of opposition then. I am aware also that at the time the Act was put into force there were threats from different bodies. The greatest amount of threat and agitation came from the Mussalmans, and I think that even they have reconciled themselves. Though other causes have contributed to the change in their attitude, they have cheerfully promised to give their co-operation to Government at the present juncture. Government need not be disconcerted on this point. I do hope that this proposition will be vetoed and we shall not hear of this controversy hereafter. May I add that it is no doubt true that there were many people who apprehended many difficulties, but the public are reconciling themselves very gradually to the effect of this measure and even poor and orthodox people now find that though they found it difficult to swallow this in the beginning in the end it has been a boon.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras: Non-Muhammadan): Sir, I rise to oppose this Resolution. The Bill was introduced only a few years back and it has been working successfully. I think that in Indian States child marriages still take place. I do not know if the Act applies to Indian States, but still, if its working is continued, it will strengthen the hands of Government to put down child marriages. I am surprised that the Honourable Mover wants to have it repealed. People ought to be educated in this matter. My friend will be well advised to educate the people of Bihar and Orissa and to see that child marriages are not performed there. After a great deal of agitation and after a good deal of delay, the Government of India introduced the Bill for putting down child marriages and I think it is very nearly two years since that Bill was passed. It seems premature to have public opinion either in favour of or against a measure of this sort. Sir, there is a very strong public feeling that child marriages ought to be stopped. Even in British India I am told many people escape from the operation of the Act. In my own Presidency I am told that a few cases did escape. I am only sorry that a Resolution of this sort should be tabled. I strongly oppose it.

THE HONOURABLE MR. H. W. EMERSON (Home Secretary): Sir, I rise to explain the position of Government in regard to this Resolution. The Honourable Member has moved that this Council should recommend to the Governor General in Council to bring in a Bill this session to repeal the Child Marriage Restraint Act, popularly known as the Sarda Act. He does not, I am sure, expect that Government will be able to support his Resolution, for apart from the question of policy, to which I will presently refer, there are obvious reasons why the procedure he suggests would be inappropriate. Whatever views may be held regarding the attitude of the Government of India towards the original Bill, and I am aware that their attitude is the subject of genuine feeling in some quarters, there can be no room for doubt that the position of Government would be indefensible if they were themselves to undertake a Bill to repeal a measure which was passed little more than two years ago by a very large majority in another place and without a division in this House, and which, moreover, had been introduced as a private Bill. Even if the views of Government had changed since they gave their support to the Bill, it would be clearly inappropriate for them to take the course which the Honourable Member suggests. Moreover, apart from the merits of this particular case, I doubt whether there is any precedent for the Government of India taking the initiative in repealing a measure which a large section of public opinion in this country regards as of great importance in the matter of social reform. For these reasons Government are unable to take the action which the Honourable Member desires them to take. This, however, is not the whole case. There are at present private Bills before the other House, the object of which is to repeal the Child Marriage Restraint Act, and the Council will no doubt wish to know what will be the attitude of Government towards them, should they come under consideration. In the debate in the Assembly on the original Bill, the Honourable the Home Member stated the position of Government as follows:

"What I have always contended for is that, if important projects of social legislation are to be undertaken, as they must be undertaken, it should be after a careful and deliberate examination of the evils which we are endeavouring to correct, and after the fullest ventilation and consultation of public opinion; and that in matters of that kind we should make every possible endeavour to ensure that, behind such measures as we undertake, we should have that degree of public support which is in fact essential to the effective administration of any legislation in such matters."

It was in accordance with the principles there stated that Government gave their support to the Sarda Act. There are, I contend, no new factors at present known to Government which would justify a reversal of the position then taken. Government recognised then the genuine apprehensions with which certain classes, not confined to any particular community, view the placing of this measure on the Statute-book. They recognise that those apprehensions still exist, but even the most inveterate opponent of the Act will, I think, admit that so far the apprehensions have proved to be almost entirely without foundation. The Act has been in operation now for nearly two years. It has caused no hardship to any one, nor has it interfered with social life. A criticism that is more likely to be made is that it has been ineffective and that, from this point of view, it has disappointed its supporters. This criticism is, I think, mistaken. The Act was deliberately so drafted as to prevent it being an instrument of oppression. Its provisions are such as to make it difficult to bring them into operation in any social group unless members of that group are in sympathy with them. It was not anticipated that they would prove a sovereign remedy to the social evils against which they are directed. The object of the Bill was educative rather than

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deterrent, and there can be little doubt that the enquiries and the discussions which have centred round it have had an important effect on moulding public opinion. Nor can there be any doubt that the presence of the Act on the Statute-book will continue to have an educative effect, even if cases filed under it continue to be extremely few in number. The Act is the visible protest of the great majority of both Houses of the Indian Legislature against social abuses which, as such, are condemned both by the supporters and opponents of the Act. Equally, the repeal of the Act would be regarded in this country, and still more outside India, as approval of, or acquiescence in, these abuses by the Indian Legislature. Whatever might be the motives underlying the repeal, the world at large would regard the withdrawal of the Act as a verdict in favour of indefinite continuance of social customs, the consequences of which in only too many cases are deplorable. And I suggest that at a time when India is on the eve of constitutional reforms of a comprehensive character, she cannot afford to ignore world opinion in this matter. Government, on the facts before them, cannot be a party to a step which they regard as retrograde and which would inevitably delay the progress of forces and influences which are working towards social reform.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : May I ask a question from the Honourable Mover of the Resolution. The Honourable Mover has said that he himself hates child marriage. May I ask whether he thinks the *dwiragaman* ought to take place at the period which is specified in the Sarda Act for the marriage? Does he want the Act to be amended?

THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH : Yes. Marriage is a sacrament and *dwiragaman* ought to take place about the time prescribed for marriage by the Sarda Act. I should like to have an amendment of the Act accordingly.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Do I understand then, that.....

MR. CHAIRMAN : Order, order. The question is that the following Resolution be adopted :

" This Council recommends to the Governor General in Council to be pleased to bring in a Bill to repeal the Child Marriage Restraint Act, known as the Sarda Act, as early as feasible."

The motion was negatived.

(Motions standing in the names of the Honourable Mr. Abu Abdullah Syed Hussain Imam* and the Honourable Rai Bahadur Lala Jagdish Prasad† were not moved as the Members were not in their places when their names were called.)

The Council then adjourned till Eleven of the Clock on Wednesday, the 2nd March, 1932.

* " That the Bill further to amend the Provident Funds Act, 1925, for certain purposes, be taken into consideration. "

† " This Council recommends to the Governor General in Council to amend the rules relating to the daily allowances admissible to the Members of the Council of State so that the daily allowance admissible for a period not exceeding three days before the commencement of a session may be payable with reference to the date notified by the Government to the members as the earliest date for the commencement of a session irrespective of the fact whether the session actually commences on that date or on a subsequent date."

COUNCIL OF STATE.

Wednesday, 2nd March, 1932.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable Sir Philip Browne, Chairman, in the Chair.

BAMBOO PAPER INDUSTRY (PROTECTION) BILL.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary) : Sir, I move that the Bill further to amend the law relating to the fostering and development of the bamboo paper industry in British India, as passed by the Legislative Assembly, be taken into consideration.

As Honourable Members are aware, there is already a protective duty upon paper of certain classes. That duty was imposed as the result of the Tariff Board's first inquiry into this industry which took place in the years 1924 to 1925. What the Board found in the course of that inquiry was that the future of paper manufacture in India depended upon the possibility of developing the manufacture of pulp from bamboo and paper from that pulp. A good deal of work had been done in the direction of manufacture of pulp from bamboo, but the Board found that a good deal more of experimental and exploratory work still required to be done. They therefore recommended that a temporary protective duty should be imposed upon certain classes of imported paper for a period of five years, and at the same time they recommended that direct financial assistance should be given to the one concern in India which was seriously tackling the question of pulp manufacture from bamboo. The Government of India accepted the desirability of the protective duty, but for various reasons they felt themselves unable to accept the recommendation for direct financial assistance to the manufacturing concern in question. Instead of giving that financial assistance, they extended the period of protection from five to seven years and the Bamboo Paper Industry (Protection) Act was passed in 1925 and will ordinarily expire at the end of the current month. That, Sir, is the previous history of this case of protection.

The matter was referred again to the Board during the past year and in the terms of reference the Board were directed to inquire into two matters, in the first place, to examine and report what progress had been made in the manufacture of paper from bamboo and, in the second place, to make recommendations on the question whether further protection was desirable and necessary, and, if so, what measure of protection would be required. Now, on the first of those points of reference, without going into great detail, the Board found that in the first place the supply of raw material, that is to say, the supply of bamboo, was for practical purposes unlimited. A great deal had been done by way of surveying areas and organising the transport of the bamboo to the mills; secondly, the cost of production, that is to say, the cost of cutting and moving the bamboo to the mills, had been very much reduced during these six and a half years; thirdly, the cost of manufacture in the mills themselves had also been much reduced. Part of this reduction no doubt was due to lowering of the cost of the raw materials, the bamboo and also the subsidiary raw materials, such as chemicals, but a good deal had been accomplished by installing newer equipment and making improvements in

[Mr. J. C. B. Dyke.]

practice. Finally, they found on the evidence of paper users, notably the purchaser of paper for Government, that the paper turned out from bamboo was of an excellent quality. Having reached those findings, the Board came to the conclusion that the bamboo paper industry deserved further protection and that it required further protection. Although a good deal of work had been done and greatly improved methods had been discovered for dealing with bamboo,—I may say that the main difficulty has always been the treatment of the bamboo itself; namely, on account of the knots which occur in it the crushing of the bamboo has presented considerable difficulty—a great deal of money had been spent and a great deal of experimental work had been done on methods of crushing and on the subsequent operation which is known as digesting, a certain amount of further work had still to be done, and if protection were withdrawn now—this is the Board's finding—there was grave danger of this industry, this very promising industry, collapsing altogether. In these circumstances, Sir, the Board recommend that the protective duty be continued upon certain classes of paper for another period of seven years, and they make this new proposal that a duty should be levied upon imported wood pulp at the rate of Rs. 45 a ton.

I will deal with this new proposal first—actually the natural order in which to take these recommendations, because this proposal is really a measure for protecting the manufacture of pulp, whereas the second recommendation is a measure for the protection of the manufacture of paper. Now, as regards this wood pulp, in the applications made to the Tariff Board in 1924 certain paper manufacturing firms actually suggested then that a duty should be levied upon imported pulp; but the Tariff Board were unable to accept that suggestion, because they felt that before the manufacture of pulp from bamboo had been developed it would be wrong to increase the cost of raw material, which must be obtained from abroad for a time by the Indian mills; and Government accepted that view and the Legislature also accepted that view and the import of wood pulp was allowed to be free during the initial period. Now, however, the situation is different. Great progress has been made in the manufacture of pulp from bamboo; in particular I may say that whereas in 1924 only one firm was carrying out this manufacture, and then by only one of the known processes, now three more firms, have taken it up and actively developed it and an alternative method of manufacture is being exploited. Now, in these conditions, the Board, as Government think quite rightly, have come to the conclusion that it is time to apply a definite stimulus to the use of bamboo pulp; in other words to push the mills over definitely towards the use of bamboo pulp whenever they can obtain it in preference to this imported wood pulp, the price of which has, like that of everything else, gone down considerably during the last three or four years.

Then as regards the second recommendation, the duty upon imported paper, what the Board have recommended is that, as in the existing tariff schedule, a protective duty should remain upon printing and writing paper leaving other classes to be covered by the revenue duty. Now, there has been a good deal of difficulty in the past over the existing entry in the tariff schedule. This is due to the fact that it is a difficult matter to say in some cases whether a paper is, for instance, printing paper or wrapping paper. The result of that has been that we have had disputes over interpretations in the Customs. An importer may claim that a paper is wrapping paper because it is to be used for wrapping purposes. But equally it may be pointed out that it is printing paper and actually used as such. I merely give this instance as an illustration. It is desirable, if possible, to get over those difficulties and

what Government have in mind is this. In this Bill they propose to leave the existing entries in the tariff schedule as they are but if this measure becomes law they propose to reverse the existing process and, instead of saying that paper as such is subject only to the revenue duty but printing and writing paper are subject to the protective duty, they propose to say that all paper is subject to the protective duty except certain specified classes which will be subject to the revenue duty. That, they think, will get over these difficulties, but before they can draw up a revised definition it is absolutely necessary that they should consult the trade and the various interests concerned so as to make quite certain that on the one hand they will not admit under the revenue duty paper which is made by the Indian mills and which ought to be protected and on the other hand that they do not throw an unnecessary burden on the consumer by subjecting to the protective duty classes of paper in which the Indian mills really take no interest. What Government propose to do then, Sir, if this Bill becomes law, is to draw up an item in the Schedule excepting certain classes of paper from the protective duty. They will publish this draft item and consult the trade on it, and probably decide the final form of the entry in the tariff after a conference with representatives of the trade.

I need only say one word about the rate of the duty. The Tariff Board have proposed, and Government have accepted the proposal, that the existing duties upon printing and writing paper should be retained. What I wish to explain is this, that actually, according to the calculations made by the Tariff Board, a lower duty would have been sufficient upon paper had it not been for this new duty upon imported pulp. As the cost of manufacture to the Indian mills must be slightly increased by this duty on imported pulp some compensatory addition to the protective duty on paper is necessary. It is not, of course, intended that the mills shall continue to use imported pulp indefinitely, but they cannot switch over to bamboo pulp immediately and the Board's calculations allow for their gradual departure from imported pulp and gradual turning over to bamboo. This is the scheme which is at the bottom of this proposal.

There is one other point, Sir, that I think it is necessary to explain and I will be as brief as possible. One change is being made in the definition contained in the tariff and that is provided for in clause 4 of the Bill where, as Honourable Members will notice, an alteration is made from 65 per cent. to 70 per cent. of the minimum content of mechanical wood pulp which will qualify imported paper for admittance under the revenue duty. Now, Sir, I want to make it quite clear that this alteration does not mean any alteration in actual practice. What happened was this. In the Board's Report of 1925 they said that newsprint, which is a cheap form of paper which they wished to admit under the revenue duty, contains not less than 70 per cent. of mechanical wood pulp. That is generally acknowledged everywhere by the trade. But it is extremely difficult, in testing paper to see whether it contains more or less of mechanical wood pulp, to ascertain exactly what the percentage is. There must always be a considerable margin for error in testing at the customs house. Well, the Tariff Board in 1925 wished to make allowance for that possible error in testing and they thought it was reasonable to allow a 5 per cent. margin of error. Therefore, although 70 per cent. was the optimum figure they recommended its reduction to 65, so that if paper is imported containing not less than 65 per cent. of mechanical wood pulp it is allowed under the revenue duty. Now, what has been the result of that? We find that the importers of paper work on this figure of 65 per cent. and their manufacturers know that the prescribed figure is 65 per cent. and they try to work to 65 per cent. Then, if the paper on importation is found to be something under

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65, say 63 or 62 per cent. they say: Surely you are going to allow us a little margin. They are informed by the customs that the margin of 5 per cent. has already been allowed and that they ought to have worked on a figure of 70 per cent. They say: We cannot go by any other figure except the figure we see in the Statute. Now, to get rid of that difficulty we propose to go back to 70 per cent. to put 70 per cent. in the Act and still to allow the same margin for error in testing and also for error in manufacture. That is the only object of the change, and it will be made quite clear by executive instructions in the Customs Department that exactly the same latitude will be allowed as is permissible now of departure from the figure of 70 per cent.

That is all, I think, I need say. Sir, and I am afraid I have been rather long in explaining the details of the Bill. There is nothing that requires special explanation in connection with the clauses. The two main clauses are clause 2, which extends the period of protection from 1932 to 1939, and clause 3 which is merely consequential. There was an intermediate Act which slightly altered the definition of paper in the tariff and clause 3 simply follows clause 2. Clause 4 I have already explained and the other substantive clause is sub-clause (b) of clause 5 (1) which imposes this new duty of Rs. 45 a ton upon wood pulp. Sir, I move.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, while giving my hearty support to the measure, I should like to say that the Bill, the aims and objects of which have been so very clearly and definitely explained to us by the Mover, the Honourable Mr. Drake, should be accepted by us in the manner and shape in which it has come to us. A protective duty or a tariff wall, Sir, is not a sound economic measure, but when one finds that a particular industry is in its swaddling clothes and cannot thrive unless and until it gets an impetus,—a fillip or an incentive by way of a protective duty, it must be imposed not only for protection of the industry but for its gradual development or at least to keep it going on in the hard competition in the market. I think this protective duty would surely give an incentive for the manufacture of bamboo pulp in India and along with it for that of paper for which we look towards foreign countries for the supply. Some of our friends here may say that the price of the paper and that of bamboo pulp may go up if a protective duty of Rs. 45 a ton is imposed on imported pulp and it would be tantamount to an indirect tax on the public who cannot do any business in these modern days without paper. But, Sir, if we want to make India self-contained almost in everything we must not mind this, for in the long run, India will be the gainer and in seven years' time from this time forward she will be able to hold her own against others in respect of manufacture and supply of paper. Moreover, I think, this duty will surely give encouragement to those who would take to the bamboo pulp industry. Bamboos we have enough and to spare in India and these raw materials should be utilised by scientific process for the purpose of manufacturing paper. And thus there will be a steady growth of the paper industry which will be an asset to India. In fine, I should like to say to those friends of ours who in season and out of season, talk so much about state aid to the indigenous industries, that this protective duty Bill is indeed a state aid to our industry and as such should be hailed as a beneficent measure and accepted by us and the Bill passed into an Act.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : Nominated Non-Official) : Sir, I do not think this Council will hesitate to give to the bamboo paper industry the protection which this Bill seeks to

confer on it. The Tariff Board has recommended the continuance of the duty for a further period of seven years and the Government have accepted the conclusions of the Tariff Board and brought forward this Bill. So far as the merits of the Bill and the merits of the claim of the industry to protection are concerned I have nothing of any importance to urge. But there are one or two matters to which I should like to draw the attention of the Government or at any rate I would seek the necessary information from the Honourable the Mover of this Bill. Sir, the Honourable Mover has said that the industry has done much in the matter of improvement of the bamboo pulp industry. I admit that some measure of good work has been done. But it appears from the Tariff Board's report that these mills have not spent a sufficient amount of money on this account as compared with the profits which they have made. We find from the Tariff Board's report that one mill, the Titagarh Paper Mills have during the period of the last seven years made a profit of a crore of rupees. This is the verdict of the Tariff Board. As against that, what have they spent in the improvement of the pulp industry? They have spent less than Rs. 6 lakhs. I do not consider this as a fair amount of expenditure they ought to have gone in for. Protection is given on the distinct understanding that the industry that receives protection will do its very best to make the industry self-dependent within a limited period of time. It is necessary for those mills which seek protection from the Legislature to prove conclusively that they are not only filling their pockets, but have taken good and sufficient measures for the establishment of the industry on a proper footing. Secondly, Sir, the Fiscal Commission on which I had the privilege to serve has laid down a distinct rule which should guide us in the matter of granting protection, namely, not only Indianisation but also that facilities should be given by parties receiving protection for training Indian apprentices in such concerns. I would like to know from my Honourable friend Mr. Drake what these mills have done so far as the training of Indians in this industry is concerned, how many apprentices they have taken, as recommended by the Fiscal Commission and what facilities they have afforded and the amount of expenditure they have incurred in the training of Indian apprentices. This is one of the most important matters which the Fiscal Commission has recommended. In fact, the policy of protection which the Commission recommended is based on the principle that Indians should be trained in the different industries in this country and that in time India should be self-supporting and be able to hold its own against foreign imports in the matter of the production of indigenous articles.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I welcome such like protective measures because I have been an advocate for protection from some time past. Notwithstanding the fact that England has been a free trader for a long time past, having developed her industries to its full extent, she has now come back to wholesale protection. I fully endorse what the Honourable Sir Maneckji Dadabhoi has said. As far as the training of Indians is concerned, as far as my information goes, the paper mills have not done much. I would urge on the Government to make it a rule, when granting protection that the relative recommendation of the Fiscal Commission should be observed. With these words, Sir, I support the Bill.

THE HONOURABLE MR. J. C. B. DRAKE : Sir, I need not, I think, detain the House very long in my closing remarks. I am very glad to hear the support which has been given by the Honourable Members who have spoken to the general principle embodied in this Bill. With regard to what has

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fallen from my Honourable friend Sir Maneckji Dadabhoy and also from my Honourable friend Rai Bahadur Lala Ram Saran Das on the subject of the recommendations of the Fiscal Commission, and in particular with regard to the training of Indian apprentices in the mills, I am not, I am afraid, in a position to give the figures for which my Honourable friend Sir Maneckji Dadabhoy asked, that is to say, the figures showing the actual number of Indian apprentices who have been trained in these works and the amount of money which the mills have spent in giving this training. There is, however, perhaps one point in that connection to which I might draw the attention of Honourable Members, and that is, that the actual recommendation made by the Indian Fiscal Commission was that facilities should be given for the training of these apprentices at the expense of Government. That perhaps answers one of the points raised by my Honourable friend. This whole question, as Honourable Members are no doubt aware, was discussed at considerable length in another place, and Government have made it clear that they do consider that when an industry receives protection it should feel it incumbent upon itself to carry out as far as may be possible those recommendations made by the Indian Fiscal Commission which have been imported into statements of Government policy and, in one case, into an Act—I refer to the first Steel Act of 1924. Government therefore welcome statements of this kind from Honourable Members, so that those responsible for the industry which receives protection may be made fully aware of what is the feeling of the Legislature on the subject.

I think the only other remark I need make is with regard to the amount of money which the mills have spent upon developing bamboo, in relation to the profits which the Tariff Board found they had made. I would just like to say this, that the mills had a great deal of leeway to make up. They were in a bad way. Honourable Members will no doubt remember that they have had to write down their capital, in most cases by about one-half, so that the profits as they appear now are not really so high as they appear to be on paper. I think the figure given by the Tariff Board of the amount expended by the three mills in Bengal upon developing the bamboo paper industry was 13½ lakhs of rupees. Government also have considered very carefully that passage in the Tariff Board's report, and they, like the Tariff Board, have come to the conclusion that on the whole the mills have devoted quite a fair proportion of the profits they have made to prosecuting this development of the bamboo industry.

I do not think, Sir, there is anything more I need say in commending this Bill to the Council.

MR. CHAIRMAN: The question is that the Bill further to amend the law relating to the fostering and development of the bamboo paper industry in British India, as passed by the Legislative Assembly, be taken into consideration.

The motion was adopted.

Clauses 2, 3, 4 and 5 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. C. B. DRAKE: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

RESOLUTION *RE* HOURS OF WORK IN COAL MINES.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I move that:

"This Council, having considered the Draft Convention limiting hours of work in coal mines adopted at the 15th Session of the International Labour Conference, recommends to the Governor General in Council that he should examine the possibility of reducing the statutory limits for hours of work in mines and that the result of this examination should be placed before this Council."

Sir, under article 405 of the Treaty of Versailles a Draft Convention which has been adopted by the International Labour Conference has to be placed before the Legislature within 12 months of the adoption of that Convention. This Convention was adopted in June, 1931 and consequently it has to come before this Council at this session. When this Convention was first considered, it was proposed to limit it to European countries only, and it was preceded by a technical inquiry by experts who were representative of the European countries only. Later on, however, the International Labour Office was in some doubt whether the Conventions of the International Labour Conference should be so restricted. After considerable discussion it was decided that Conventions of the International Labour Conference should be international in scope. Between the reaching of this decision and the actual meeting of the Conference to discuss the Convention we had not sufficient time to consult Provincial Governments and associations of employers and workers in order to decide our attitude with regard to this Convention. Consequently we told our Delegates that, while they should put no difficulties in the way of the adoption of the Convention by those countries for whom it was devised, they should make our position clear, that the Government of India would not be able to ratify it without further examination.

I need not, Sir, go into all the details of this Convention. I will just refer to what is the main head. The Convention recommends that the hours of work underground in mines shall be limited to seven hours and 45 minutes a day, and that work shall not be permitted on Sundays or on public holidays. It further recommends that work in open mines should be limited to eight hours a day with a 48-hour week. Now the position at present in India is that under the Indian Mines Act we have a 60-hour week for above-ground work and a 54-hour week for under-ground work. The Select Committee of 1928 made a recommendation which was accepted and became law from April, 1930, that no person should work more than 12 hours in any consecutive period of 24 hours. But they also made a recommendation that an advance should be made if possible to an eight-hour shift. They desired, however, that the Bill then recommended the provisions of which I have just given you, should have trial for three years, and that Government should then consider whether a move should be made to an eight-hour shift. As I have said, the Bill came into force in April, 1930, and the three years will be up in 1933. Further, the Labour Commission examined the conditions of working in mines with great care. Their recommendation for open mines or above-ground working was 54 hours a week. They considered all that the Select Committee had said in 1928 and they supported the view of the Select Committee and made no definite recommendation in that regard. After this statement the House will I think agree that it would be improper on the part of the Government of India, without any further inquiry whatsoever, to rush from a 60-hour week above-ground and a 54-hour week under-ground to a 48-hour week

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above-ground and something less than a 48-hour week under-ground. What, therefore, the Government of India propose to do is not to ask this House to refuse to ratify the Convention, but to take all these three different proposals into consideration, that is the provisions of the Draft Convention, the recommendation of the Select Committee that we should try to advance to eight-hour shifts, and, finally, the recommendations of the Labour Commission. We propose, therefore, Sir, to consult Local Governments and associations of workers and employers in regard to these three different proposals and to place the results of that examination before this House. That, Sir, is the proposal in this motion which I have put before the House. Sir, I move.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I had expected that the Honourable Mr. Shillidy, while moving this Resolution, would give us in his speech how India would stand in competition with other countries whose coal competes with India. I should like him to kindly inform this House whether South Africa, Japan and other countries from which coal is imported into India have or have not adopted or accepted this Convention.

THE HONOURABLE MR. J. A. SHILLIDY : Sir, I have no information whether this Convention has been accepted by these other countries. I think it would be impossible to get the information as the Convention has only been passed recently and final decision on the part of those countries cannot have been reached yet.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will the Honourable Member try to get the information ?

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : Nominated Non-Official) : Local Governments will make the investigation. That is the object of the Resolution ; they will find out everything.

MR. CHAIRMAN : I think, as the Government are proposing a full examination, when the Government report to this Council the Honourable Member will find all the information he requires put before him.

The question is that the following Resolution be adopted :

" This Council, having considered the Draft Convention limiting hours of work in coal mines adopted at the 15th Session of the International Labour Conference, recommends to the Governor General in Council that he should examine the possibility of reducing the statutory limits for hours of work in mines and that the results of this examination should be placed before this Council."

The motion was adopted.

MR. CHAIRMAN : With reference to the motion adopted by the Council on the 25th February, I have to announce that nominations of candidates for the Standing Committee for Roads will be received up to 11 A.M., on Monday, the 7th March.

The Council then adjourned till Eleven of the Clock on Thursday, the 3rd March, 1932.

COUNCIL OF STATE.

Thursday, 3rd March, 1932.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable Sir Philip Browne, Chairman, in the Chair.

QUESTIONS AND ANSWERS.

MEASURES FOR STABILISING THE PRICE OF SILVER.

56. THE HONOURABLE SIR PHIROZE SETHNA : (a) Will Government state whether they approve of the proposal made last year at the Washington Congress of the International Chamber of Commerce that a conference be held of all interested parties to concert measures for stabilising the price of silver ?

(b) If the reply to (a) is in the affirmative, will they state what action, if any, has been taken or is proposed to be taken in the matter ?

RECOMMENDATIONS OF THE COMMITTEE OF EXPERTS APPOINTED BY THE INTERNATIONAL CHAMBER OF COMMERCE AT PARIS REGARDING SILVER.

57. THE HONOURABLE SIR PHIROZE SETHNA : (a) Has the attention of Government been drawn to the Report of the Committee of Experts appointed by the International Chamber of Commerce at Paris *re* Silver ?

(b) If the reply to (a) is in the affirmative, have Government considered the suggestion made by such Committee to have a sales agreement between the Government of India and the American producers ?

POLICY IN REGARD TO THE SILVER PROBLEM.

58. THE HONOURABLE SIR PHIROZE SETHNA : Will Government be pleased to state their policy in regard to the silver problem ?

THE HONOURABLE MR. A. F. L. BRAYNE : With your permission, Sir, I will reply to Questions Nos. 56, 57 and 58 together. The Secretary of State for India is in communication with Mr. E. L. Franklin, one of the members of the Committee of Experts appointed by the International Chamber of Commerce regarding Silver, on the subject of the recommendations made by this Committee. Discussions at present are directed only to clearing up a number of important points which were left vague in the Report of the Committee. When these discussions have been concluded, the Government of India will be in a position to decide what action should be taken, and in the meantime the whole question is receiving the attention of Government.

RAILWAY PROJECT TO CONNECT BOMBAY WITH KARACHI.

59. THE HONOURABLE SIR PHIROZE SETHNA : (a) Will Government be pleased to state what progress has been made so far regarding the project of a railway to connect Bombay with Karachi ?

(b) If there is more than one project, will Government give particulars in regard to each of them and state what project they favour and why?

THE HONOURABLE MR. J. C. B. DRAKE: (a) The final location survey of the Bombay-Sind connection has been carried out.

(b) There is only one project under investigation. The actual alignment of the connection will be decided when the project report and estimates have been received and examined. At present they are being printed.

TRANSFER OF THE CONTROL OF THE CIVIL ADMINISTRATION OF ADEN TO THE GOVERNMENT OF INDIA.

60. THE HONOURABLE SIR PHIROZE SETHNA: Will Government be pleased to state whether they have come to any decision with regard to the question of the transfer of Aden to the Government of India, and if so, the particulars of such decision?

THE HONOURABLE SIR CHARLES WATSON: The Honourable Member has no doubt seen the Press Note on the subject which was issued in December last. Since then the question has been further considered by the Government of India and they have with the concurrence of His Majesty's Government now decided to transfer the control of the civil administration of Aden to the Government of India, the intention being to effect the necessary change by the beginning of the next financial year.

LIST OF BANKS AND FIRMS FROM WHOM STERLING IS PURCHASED ON BEHALF OF GOVERNMENT.

61. THE HONOURABLE SIR PHIROZE SETHNA: Will Government state:

- How many Indian banks are there in the list of approved parties from whom sterling is purchased on behalf of Government?
- Besides banks are there firms in this list; if so, how many are Indian and how many non-Indian?
- Is it a fact that applications from firms for being included in this list have been rejected since the date of the passing of the Currency Act of 1927. If so, what are the reasons for such rejections and how many such firms that applied were Indian and how many non-Indian?

LIST OF BANKS AND FIRMS FROM WHOM STERLING MAY BE PURCHASED.

62. THE HONOURABLE SIR PHIROZE SETHNA: Will Government be pleased to place on the table a list of the approved parties, both banks and firms, referred to in the previous question?

THE HONOURABLE MR. A. F. L. BRAYNE: With your permission, Sir, I will answer Questions Nos. 61 and 62 together.

I place on the table a list of banks and firms from whom sterling is purchased on behalf of Government. All applications from firms for inclusion in this list have been rejected since the passing of the Currency Act of 1927 because it is considered undesirable to add to the list pending the establishment of a Reserve Bank. Information regarding the number of applications from Indian and non-Indian firms is being collected and will be sent to the Honourable Member.

List of banks and firms from whom sterling may be purchased.

(Revised on the 28th September, 1931.)

Banks.

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| 1. Allahabad Bank, Ltd. | 13. Imperial Bank of Persia. |
| 2. American Express Co., Inc. | 14. Lloyds Bank, Ltd. |
| 3. Banko Nacional Ultramarino. | 15. Mercantile Bank of India, Ltd. |
| 4. Bank of India, Ltd. | 16. The Mitsui Bank, Ltd. |
| 5. Bank of Taiwan, Ltd. | 17. National City Bank of New York. |
| 6. Bank of Baroda, Ltd. | 18. National Bank of India, Ltd. |
| 7. Central Bank of India, Ltd. | 19. Netherlands Trading Society. |
| 8. Chartered Bank of India, Australia and China. | 20. Netherlands India Commercial Bank. |
| 9. Comptoir National d'Escompte de Paris. | 21. Peninsular and Oriental Banking Corporation. |
| 10. Eastern Bank, Ltd. | 22. Punjab National Bank, Ltd. |
| 11. Messrs. Grindlay & Co., Ltd. | 23. Sumitomo Bank, Ltd. |
| 12. Hongkong and Shanghai Banking Corporation. | 24. Thos. Cook and Son (Bankers), Ltd. |
| | 25. Yokohama Specie Bank, Ltd. |

Firms.

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| 1. The Bombay Co., Ltd. | 5. Louis Dreyfus & Co. |
| 2. David Sassoon & Co., Ltd. | 6. Ralli Bros., Ltd. |
| 3. E. D. Sassoon & Co., Ltd. | 7. Volkart Bros. |
| 4. Greaves Cotton & Co., Ltd. | |

USE OF INDIAN COAL BY VESSELS OF THE ROYAL INDIAN MARINE.

63. THE HONOURABLE SIR PHIROZE SETHNA: (a) Will Government state if vessels of the Royal Indian Marine take Indian coal when they bunker at Calcutta?

(b) Do they also take Indian coal when they bunker at Bombay?

(c) If the reply to (b) is in the negative, will Government give reasons why the Royal Indian Marine do not take Indian coal for bunkering their vessels in Bombay?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) and (b). The answer is in the negative.

(c) Three out of the four sloops of the Royal Indian Marine burn oil. The remaining sloop and the Marine Survey vessel, "Investigator," and various harbour craft, are coal burning; but, owing to their design, can burn Welsh coal only.

BAN AGAINST SALE OF MR. RAMSAY MACDONALD'S BOOK ENTITLED "AWAKENING OF INDIA."

64. THE HONOURABLE SIR PHIROZE SETHNA: (a) Will Government be pleased to state if there is still a ban against the sale of Prime Minister Mr. Ramsay Macdonald's book entitled "Awakening of India"?

(b) If the reply be in the affirmative, will such ban be now removed? If not, why not?

THE HONOURABLE MR. H. W. EMERSON: I would refer the Honourable Member to the answer given in the Legislative Assembly to Mr. K. C. Roy on the 4th February, 1924. There has never been any ban against this book.

REVISION OF THE INDIAN INSURANCE LAW.

65. THE HONOURABLE SIR PHIROZE SETHNA: (a) Will Government state what progress has been made in England in connection with the recommendations by the Clouston Committee?

(b) Is it proposed to delay amending the Insurance Act of this country until such time as the House of Commons has decided on the Clouston Committee's recommendations?

(c) Have Government received representations that the Indian commercial public are anxious for this Act to be amended as soon as possible?

THE HONOURABLE MR. J. C. B. DRAKE: (a) Government understand that no steps have been taken yet to introduce a Bill into Parliament.

(b) As Government have stated on other occasions, they consider it most desirable to await the result of British legislation.

(c) Government have received representations on the subject from the Federation of Indian Chambers of Commerce and Industry.

RETURNS OF BUSINESS SUBMITTED BY NON-INDIAN FIRE INSURANCE COMPANIES.

66. THE HONOURABLE SIR PHIROZE SETHNA: In the returns of business submitted by non-Indian Fire Insurance Companies, do these companies show separately what business they place with offices that are not working in India?

THE HONOURABLE MR. J. C. B. DRAKE: The answer is in the negative.

NAMES AND NUMBERS OF INDIANS EMPLOYED AT THE HIGH COMMISSIONER'S OFFICE, LONDON, AND AT THE LEAGUE OF NATIONS SECRETARIAT, GENEVA, IN RECEIPT OF ANNUAL SALARIES OF £200 AND OVER.

67. THE HONOURABLE SIR PHIROZE SETHNA: Will Government lay on the table tabular statements of the names and nationalities of Indians in the receipt of annual salaries of £200 and over—

- (i) at the High Commissioner's Office in London, and
- (ii) at the Geneva Secretariat.

THE HONOURABLE SIR BROJENDRA MITTER: (i) and (ii). Statements are laid on the table.

Names and numbers of Indians in receipt of annual salaries of £200 and over at the High Commissioner's Office in London according to communities.

Anglo-Indian community—6.

George, W. G.	Walker, K. J. J., M. C.
Jewett, R. W.	Wood, R. F.
Pounde, H. R. G.	Wright, Q. K. J.

Burmese—2.

Than, M. P.	Tun, M. M.
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Hindu community—26.

Banerjee, N. N.	Marar, K. R.
*Basu, S. R.	Menon, A. M.
Bhargava, M. L.	Menon, K. R., I.C.S.
Biswas, J.	Menon, S. K.
Bose, S. B.	Menon, T. N.
Byahatti, R. R.	Mitra, Sir B. N., K.C.S.I., K.C.I.E., C.B.E.
Chatterjee, M. L.	Mitter, K. D.
Chaudhury, S. K. R.	Punja, B. N.
Chaudri, N. K.	Reghuveeran, G.
*De, A. B.	Roy, K. B.
*Deb, B.	Roy, N. K.
Dutt, P. K.	Urs, H. L. R.
Gupta, P. L.	Wunnam, E. V. S. R.

Indian Christians—8.

Angelo, F. M.	Chatterjee, N. C.
Bonarjee, A. D.	Ker, N. B.
Bose, Miss C. H.	Menon, K. T. N.
Chandra, M. L.	Smith, C.

Jew—1.

Samson, G. Q.

Moslem community—3.

Khan, G. Q.	Khan, R. M.	Khan, F. M.
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Parsee—1.

Asli, B. D.

Sikh—1.

Malik, H. S., I.C.S.

Names and numbers of Indians in receipt of annual salaries of £200 and over in the Secretariat of the League of Nations.

Indians—7.

Mr. J. Dalal.	Mr. S. N. Ghose.
Mr. S. M. Dhume.	Mr. K. Kuriyan.
Mr. A. C. Chatterjee.	Mr. R. K. Das.

Dr. P. P. Pillai.

*These have reported that they belong to the Brahmo Somaj.

NUMBER OF EUROPEANS, ANGLO-INDIANS AND INDIANS IN THE DIFFERENT PORT TRUSTS CARRYING SALARIES OF RS. 500 AND UPWARDS ON 31ST MARCH, 1931.

68. THE HONOURABLE SIR PHIROZE SETHNA: Will Government lay on the table a tabular statement giving the number of Europeans, Anglo-Indians and Indians as at 31st March, 1931, in the different Port Trusts, carrying salaries of (1) Rs. 500 to Rs. 1,000, (2) Rs. 1,000 to Rs. 2,000, and (3) Rs. 2,000 and over?

THE HONOURABLE MR. J. C. B. DRAKE: A statement is laid on the table.

Statement showing the number of Europeans, Anglo-Indians and Indians as on 31st March, 1931, in the different Port Trusts in India, carrying salaries of (1) Rs. 500 to Rs. 1,000, (2) Rs. 1,000 to Rs. 2,000, and (3) Rs. 2,000 and over.

Port Trusts.	Rs. 500 to Rs. 1,000.			Rs. 1,000 to Rs. 2,000.			Rs. 2,000 and over.		
	Euro- peans.	Anglo- In- dians.	In- dians.	Euro- peans.	Anglo- In- dians.	In- dians.	Euro- peans.	Anglo- In- dians.	In- dians.
Rangoon . . .	24	15	4	40	1	2	5	..	..
Chittagong . . .	6	2	..	2	..	..	..	..	..
Calcutta . . .	*55	63	12	68*	7	3	11*	..	..
Madras . . .	7	1	3	6	..	..	2	..	..
Bombay . . .	34	23	33	35	4	4	7	1	..
Karachi . . .	9	2	1	10	..	1	1	..	..
Aden . . .	5	..	1	7	..	..	..	..	..

* Domiciled Europeans have been included under the heading Europeans.

PERIOD OF ARTICLESHIP FOR GRADUATES OF BRITISH AND INDIAN UNIVERSITIES, PRESCRIBED UNDER THE REGULATIONS OF CERTAIN BRITISH INSTITUTES OF ACCOUNTANTS.

69. THE HONOURABLE SIR PHIROZE SETHNA: (a) Is it a fact that the Society of Incorporated Accountants and Auditors permit graduates of British and Indian Universities to serve their articles for a period of only three years instead of a period of five years as is insisted upon in the case of non-graduates?

(b) Is it a fact that the Institute of Chartered Accountants do not give the same concession to graduates of Indian Universities as stated in (a) above but insist upon their serving their articles for full five years?

THE HONOURABLE MR. J. C. B. DRAKE: (a) The Bye-laws of the Council of the Society of Incorporated Accountants and Auditors, London, show that they require candidates for membership to serve for five years under Articles of Clerkship unless they are graduates of British Universities when they are required to serve for only three years. The Government of India have, however, recently seen a copy of certain new regulations made by the Society under which it is open to the Council of the Society, upon special application being made to it, to consider a reduction in the period of Articles from five to three years in the case of graduates of certain Indian Universities who possess certain specified qualifications.

(b) So far as the Government of India are aware, the rules of the Institute of Chartered Accountants in England and Wales require five years to be served invariably by all candidates who have not graduated in any University in the United Kingdom.

AMOUNT SPENT UP TO 31ST DECEMBER, 1931 ON THE FOUR INDIAN ARTISTS TO WHOM SCHOLARSHIPS WERE GIVEN TO PROCEED TO ENGLAND.

70. THE HONOURABLE SIR PHIROZE SETHNA: (a) Will Government be pleased to state what is the amount which has already been spent upto 31st December, 1931 on the four Indian artists to whom scholarships were given to proceed to England further to prosecute their studies as also to do mural decorations at India House, London?

(b) Have all or any of these students returned to India?

(c) If they have not, how much longer are all or any of them expected to stay in Europe and what is the estimate of the further cost on them from 1st January, 1932 to the date of their proposed return?

THE HONOURABLE MR. J. A. SHILLIDY: (a) The information is being obtained from the High Commissioner for India, and will be supplied to the Honourable Member when received.

(b) Of the four artists, one has returned to India and one has recently left England for India.

(c) The remaining two artists are expected to arrive in India before the close of the current financial year.

MURAL DECORATIONS, ETC., IN INDIA HOUSE, LONDON.

71. THE HONOURABLE SIR PHIROZE SETHNA: (a) Will Government be pleased to state if they are considering any scheme whereby more Indian artists will be sent to England for the work of mural decorations, etc., in India House, London?

(b) If there is any such scheme in contemplation, will Government state the details thereof?

THE HONOURABLE MR. J. A. SHILLIDY: (a) The answer is in the negative.

(b) Does not arise.

MURAL DECORATION OF GOVERNMENT BUILDINGS IN NEW DELHI.

72. THE HONOURABLE SIR PHIROZE SETHNA: (a) Will Government state whether the work done by Indian artists at the New Delhi Secretariat and other buildings in New Delhi has proved satisfactory?

(b) Do Government propose to issue a report on the work done ?

(c) If the reply to (a) is in the affirmative, will Government be pleased to state whether any more work of this kind is to be entrusted to Indian artists and if so, where and when ?

THE HONOURABLE MR. J. A. SHILLIDY : Owing to financial stringency Government have decided not to take any further action at present in connection with the mural decoration of Government buildings in New Delhi.

THE HONOURABLE SIR PHIROZE SETHNA : There is no reply to (b), Sir.

THE HONOURABLE MR. J. A. SHILLIDY : No, Sir. We do not propose to issue a Report.

THE HONOURABLE SIR PHIROZE SETHNA : Any reason as to why, Sir ?

THE HONOURABLE MR. J. A. SHILLIDY : I would ask notice of that question.

PROJECT FOR THE ESTABLISHMENT OF AN ORIENTAL MUSEUM IN LONDON.

73. THE HONOURABLE SIR PHIROZE SETHNA : (a) Are Government aware of the project of an Oriental Museum in London recently launched by the India Society ?

(b) Have Government promised the Museum or the India Society any monetary help in this connection and if so, the particulars thereof ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : (a) Yes.

(b) No.

GRANT OF MONETARY ASSISTANCE TO THE EXHIBITION OF THE BURLINGTON FINE ARTS CLUB, LONDON.

74. THE HONOURABLE SIR PHIROZE SETHNA : (a) Will Government state whether any monetary help was given to the Exhibition of the Burlington Fine Arts Club held in London in May last and if so, the amount ?

(b) Were any exhibits lent to the Exhibition by the Archaeological Department or other Departments ?

(c) If the reply to (b) is in the affirmative, will Government state whether the Archaeological Department has hitherto made any similar educative efforts in India itself ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : (a) The Government of India agreed to meet an expenditure not exceeding Rs. 2,000 on the freight and insurance of specimens sent by the Archaeological Department to the Exhibition.

(b) Yes.

(c) In 1927 the Archaeological Department held an exhibition of typical antiquities discovered in the course of excavations in the preceding year. Facilities have also been provided from time to time for the display of specimens of archaeological interest at other exhibitions in India.

PRIZE OF DELHI SCHEME FOR THE ENCOURAGEMENT OF INDIAN ART.

75. THE HONOURABLE SIR PHIROZE SETHNA : Will Government state what progress is being made in regard to what is known as the Prize of Delhi scheme ?

THE HONOURABLE MR. J. A. SHILLIDY : The Prize of Delhi scheme for the encouragement of Indian art was not adopted by Government. In January, 1926, the Government of India consulted Local Governments regarding the possibility of establishing a Central Art Institute at Delhi. The proposal did not find favour with the majority of the Local Governments and was therefore abandoned.

RESOLUTION *RE* PAYMENT OF GRATUITIES TO THE FAMILIES OF GOVERNMENT SERVANTS WHO DIE BEFORE RETIREMENT.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative) : Sir, the Resolution which I beg to propose reads as follows :

"This Council recommends to the Governor General in Council that pending introduction of provident fund in place of pension for all the non-gazetted employees of Government (superior and inferior) payment of gratuity may be made to the families of those who die before retirement on the basis of at least one month's pay for every completed year of service put in by the deceased employee."

This subject is not new. It came up as early as in 1924, and I then amended the Resolution and my amendment was fortunately accepted. Then, last year, I again brought up the subject and my Resolution was admitted. So, as there is a rule in law, and, I believe, also in the Legislature, that points admitted by the opposite side need not be proved, I am not now called upon to prove that the provident fund system should be put in place of the pension system. The pension system therefore goes. I need not argue about it.

The other question again is similarly admitted as to what the pension or rate of provident fund should be. That also, to a certain extent, as I claim, has been admitted by the other side, namely, that perhaps the system obtaining on State Railways should be adopted. That also has been conceded. So what remains for me to argue to-day is what we in law call interim orders. This provident fund scheme is rather a complicated matter. I believe it involves a good deal of accounting. Perhaps it also involves consultation with the Local Governments. It has already taken seven years and I should not be surprised if it took another one or two years or even three. In the meantime what are we to do ? There is a proverb among the Persians that until the medicine arrives from Iraq the patient may have died. It has happened in the present case. There was an old Jamadar of our Council who had served for 30 years and died the other day. What are his family and children to get ? Absolutely nothing. I could not quote a better instance than this. This Jamadar, having served nearly 30 years, died, and his wife and children are to get nothing. They have no claim on Government because he was on a pension basis and pension dies with the man. So this is a matter of urgent importance. So what I urge is that from the beginning of this year, if Government servants die without earning their pension, their heirs should be entitled to the provident fund to which he would have been entitled. Failing that, supposing that the scheme takes a long time to be introduced,

[Mr. G. S. Khaparde.]

I propose that the families of those who die in service should get at least as many months' pay as the number of years of his completed service. The poor family of this Jamadar, to whom I have referred, would have got 30 months' pay, but now they get nothing. That is my whole case put in brief. It does not require much argument and I do not propose to argue it unless the admissions which I have alluded to are disputed. Sir, I move.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I am very glad that my Honourable friend Mr. Khaparde has brought forward this Resolution again as it gives me an opportunity of explaining to the House what has been done since this matter was debated at great length in the House last February, when my predecessor, Sir Arthur McWatters, gave an assurance that a decision would be come to in the matter within a year. Subsequent to that Government placed the whole case before the Conference of provincial representatives, that is to say, of Finance Members and Secretaries of the various provinces. They considered the whole evidence before them and came to the general conclusion that a system on the lines of the English Superannuation Act was preferable to a provident fund scheme. The English superannuation system is one by which in return for a lump sum, at death or on retirement, an officer gives up a certain proportion of his pension, which in the case of the English Act is about 1/4th of his pension. Government considered the proceedings of the Conference very carefully and decided to go in for a scheme, which I may call a combination scheme on the lines of the English Act. But it was necessary to calculate what the financial effect of this would be, because Government do not wish, if they can avoid it, to add to the heavy non-effective charges which they already bear. In the result they referred the matter to the Government Actuary. This was in June last. Now, the House knows that these actuarial calculations take a great deal of time. It was necessary to collect a great many data. The Actuary had already data about the superior services, but it was necessary to collect data with regard to the clerical services to which mainly this new scheme will apply. The report of the Actuary was furnished to the Government at the end of December last. In brief, the proposition put forward by the Actuary was that, in return for one year's pay at death in service or on his retirement, it would be necessary for the Government servant to give up about 30 per cent. of his pension unless of course Government was to lose by the arrangement, that is to say, unless the new scheme was to cost more than the present pensionary system. That calculation of 30 per cent. is based on 4½ per cent. interest. If the interest is higher, if it is 5½ per cent. or 6 per cent. it will be necessary either to reduce the sum paid to say, 10 months or 11 months' pay, or to increase the percentage of pension which the Government servant will have to surrender. Government decided that they should go in for this scheme as preferable to the scheme of contributory provident fund, and they hope to devise some means by which it will be made more attractive, if possible, than it looks at present. The reason for giving up the provident fund system is briefly this. It is very difficult to devise a system of provident fund which would not cost more than the present pensionary system. Further it is very difficult to please all Government servants, because the majority of the Service Associations want a scheme on the lines of the railway scheme which, in addition to a contribution by the Government, gives a substantial gratuity to the servant. That is a position which the Government could not face, because it would cost the Government more than they would be prepared to accept. Another reason for giving

up the provident fund system is that it is very difficult for present incumbents, who are on a pension system to be transferred over to a provident fund system. It is very difficult to devise a scheme of transfer which will be fair both to Government and to the person concerned. And lastly, the pension system is much more acceptable from the administrative point of view than a provident fund as the former secures greater stability and continuity in the services. Provident funds are alright where you have got short term service, but the pension system is much better for long term service. On the other hand, there are the following points in favour of what we may call a combination scheme, the English system. Firstly, it is very simple; secondly, it can be easily introduced in favour of existing incumbents if they wish to come in; thirdly, it affords a substantial amount to the dependants of the Government servant if he dies in service; and lastly, it has the benefit of experience behind it as we know that in England it has been working with great success since 1909. Therefore Government have considered that this scheme is preferable to a provident fund scheme and they are at present engaged in working out the details. They could of course bring it into force for their own servants, but that would be hardly fair to Provincial Governments, because Provincial Governments will probably find themselves obliged to follow. Therefore Government have decided to consult Provincial Governments in the first instance and they propose to do that as soon as possible, probably within a month or so. That, Sir, is how the matter stands.

As regards my Honourable friend Mr. Khaparde's proposal that in the meantime something should be done for dependants, I have every sympathy with him. I have had the cost of his scheme worked out. It appears that if you gave one month's pay for each year of service—the Honourable Mr. Khaparde gave an instance where a family will get 30 months' pay—of course if the pay is small the amount will be small—but the total cost works out to something like 7½ per cent. annually on the total pay bill of the civil services, excluding Railways. The cost of the civil services, provincial and central, in India amounts to Rs. 59 crores. The cost of Mr. Khaparde's scheme might thus be something in the nature of 4 crores per annum spread all over India as the pension bill increases.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): May I ask for a further elucidation of that point. I am not able to follow on what basis that calculation is arrived at. All the people are not going to die immediately.

THE HONOURABLE MR. A. F. L. BRAYNE: No, but we have worked it out that, practically, dependants would, in most cases, get between 18 months and two years' pay, as the great majority of deaths would occur towards the end of service. That is what it works out to. It seems a large sum, I admit, and I am not entirely satisfied that it is right, but those are the figures that have been so far roughly worked out. Anyhow, even if it was only a crore of rupees spread all over India, Government could hardly face that additional charge at the present time when they are retrenching so heavily in every direction and discharging personnel. On the civil side excluding Railways something like 7,000 are being discharged from the Central Government establishments.

With this assurance, that a decision has been arrived at as to the general form which the relief will take, that the scheme is being referred to the provinces and that as soon as the provinces have given their consent or have put forward

[Mr. A. F. L. Brayne.]

their views and those views have been considered, a scheme will be brought into force as soon as possible, I trust that my Honourable friend will withdraw his Resolution.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : Nominated Non-Official) : Sir, I compliment the Government on having come to some decision at last. The matter has been pending since 1924 and on three distinct occasions debates have taken place in this House on this particular question. It is a matter of gratification to me that the Government have at last accepted the suggestion which I made last February in this Council. When Government then said that there were numerous difficulties to contend with and when Sir Arthur McWatters mentioned his three schemes, A, B and C, about which reference had been made to Local Governments, I said that the best thing to do was to adopt the English Superannuation Act of 1909. I am glad that the conference which met lately with the aid of Government have now come to the decision to adopt the provisions of that Act. But my Honourable friend Mr. Brayne has not told us whether that Act will be adopted bodily or only section 2. On this point I would like Government to ascertain the opinion of Local Governments when they make a further reference to them. Further, I am also not clear whether this measure of relief to be given under the English Superannuation Act will be allowed to the family of a deceased servant only when that servant has served for a period of five years and upwards. That was the purport of that Act. But I presume that the grant of pensions will not be affected in any way, i.e., that its scale will not be reduced. I would like to have some information on the subject.

THE HONOURABLE MR. A. F. L. BRAYNE : The actual details have not been worked out. We have merely agreed to the general principles. The details are being worked out and I will take a note of the points which my Honourable friend has made.

THE HONOURABLE SIR MANECKJI DADABHOY : Thank you very much. The attitude the Government has now adopted is very satisfactory and I trust before long that justice will be done to the families of a class of devoted servants who spend a lifetime on small emoluments and salaries in the service of Government. The step which the Government proposes to take is I think a very humane one and will commend itself to all the Members of this Council.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, much as I recognise the fact that the Resolution of our Honourable friend, Mr. Khaparde, whom we may call the "Father" of this Honourable House, does not sound quite reasonable in these days of the economy campaign, I can not help but support it from the view-point of humanity. Sir, the non-gazetted officers forming a distinct class by themselves of faithful, dutiful, and loyal servants to Government often die in harness, "unwept, unsung and unhonoured." They are known to be patient, industrious, intelligent and obedient and an obliging class of servants on whom Government always rely for long hours of efficient work that evoke admiration from their superiors. It certainly redounds to the credit of these devoted band of Government servants on whom rests this disciplined system of administration in India. Inconsequential people though they may be in comparison with the high officials drawing fat salaries, they are

no doubt an important factor to be reckoned with and as such they are entitled to have special consideration at the hands of Government. If the system of provident fund is introduced by Government in all the provinces, then, I hope, there is no need for the proposed payment of gratuity to the families of this class of subordinates and non-gazetted officers who die before retirement; but pending introduction of such a fund it will not be unwise on the part of Government to sanction such financial help to the families of this class of subordinate officers as has been wanted by the Honourable the Mover of this Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I fully endorse what my Honourable friend Sir Maneckji Dadabhoy has said and I only want to add that, as the Honourable Mr. Brayne said that owing to financial stringency the whole scheme cannot be taken in hand, I would suggest that as far as the subordinate services are concerned, action be immediately taken, because in these times of unprecedented economic depression the subordinate services are feeling it acutely and they have practically no savings on which to depend. With these remarks, Sir, I support the Resolution.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : Sir, while thanking the Government for the sympathetic action they have taken, I would only appeal to them that there should be no further delay in the matter. Last year the Honourable Mover tabled a Resolution which was practically accepted by the Honourable Sir Arthur McWatters, who said that Government would do their best in the matter. The matter is still the subject of correspondence with Local Governments and my only request is that Government will treat this as an urgent matter and solve the problem as early as possible, so that these unfortunate families may have the benefit of whatever system the Government may introduce. With these few words I would appeal to Government that early steps be taken to solve this question. I beg to support the Resolution.

THE HONOURABLE MR. G. S. KHAPARDE : Sir, in view of what has been said by the Honourable Mr. Brayne and the support which I have received, I think it best to withdraw this Resolution at this time if the House permits.

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* APPOINTMENT OF A COMMITTEE TO ADVISE ON LEGISLATION AFFECTING THE PERSONAL AND CUSTOMARY LAW OF THE HINDUS.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay : Non-Muhammadan) : Sir, I beg to move the following Resolution :

"This Council recommends to the Governor General in Council that a Committee of official and non-official Hindu Members of the Council of State and the Legislative Assembly be appointed at the beginning of each term of the Legislature to hold office for the whole term thereof to advise Government upon official as well as non-official Legislative Bills, that may be proposed to be introduced into either House of the Legislature affecting matters of personal and customary law of the Hindus."

Sir, the words of the Resolution are, I think, quite clear and they adequately express its purpose. It is a simple request to Government to appoint a Committee to consider informally and dispassionately the merits of Legislative

[Sardar Shri Jagannath Maharaj Pandit.]

Bills that may be proposed to be introduced into the Legislature and affecting matters of personal and customary law of the Hindus.

Perhaps one thing I may make clear at the outset and it is this. The personal and customary law of Muhammadans, Christians and Buddhists is, I take it, as dear to them as the Hindu Law is to me, a Hindu, and I should have no hesitation in supporting any Bill which might be brought forward by any Honourable Member of this House for similarly safeguarding his own religion, and, therefore, I would bespeak their sympathy for my present Resolution. I have said that the personal and customary law of the Hindus requires protection, and I will briefly give my reasons for saying so. Honourable Members are perhaps aware that the Hindu Law, whatever it is, and practically the whole of it, is contained in the Smriti texts, which are to be interpreted according to a particular system of interpretation. In the times of the old-world Hindu kings, or perhaps of rulers quite up to the time of the Peshwas in Maharashtra and Southern India, and Muhammadan rulers in certain other parts of India, the work of this interpretation was entirely in the hands of pandits who were sometimes themselves authors of commentaries on these texts, or at any rate well versed in the learned literature bearing on Hindu Law; and it only remained for the rulers to enforce the decisions given by these pandits. This system remained in vogue and force even in the early days of the British regime, but gradually the barrister and the vakil, educated in English, and European judges of the High Court and the Privy Council took the place of these pandits. The former gradually gave the go-by to the old and authentic system of interpretation and argued Sanskrit texts out of all recognition for the purposes of his case. Now since the Legislature has become, at least partly, an elective body, and more facilities are available than at any time before for the introduction of private Bills affecting the personal and customary law of the Hindus, one finds such Bills coming before the Legislature every now and then. The Bills are of both kinds, reactionary as well as progressive; and it therefore becomes necessary to get the best Hindu thought concentrated upon both kinds of Bills, so that the mere whim of an individual legislator or the accident of a snatch vote of the Legislature should not bring Hindu Law into a deeper quandary or greater disrepute. I am casting no aspersions upon the procedure laid down by the Rules of Business for the Legislature; they are indeed very good rules and the procedure a good procedure so far as they go. But what happens generally is that no close attention is paid to private Bills, affecting even the personal and customary law of the communities, till Members in charge are called upon to move their motion for referring the Bill to a Select Committee. And then Honourable Members find themselves in a dilemma. They either send it to the Committee or they do not. They are nervous to do the first, because that step is supposed to commit them to the principle of the Bill, and the details are only a matter of secondary importance. On the other hand, conscience may make them uneasy for refusing to send the Bill to the Select Committee and thus depriving it of all chance of consideration though some of its provisions may be highly desirable or reasonable. Now the Committee which my Resolution proposes will save the Bill from both kinds of dangers. It will do the work of concentrating the best light of thought on the Bill in a sort of informal and non-technical manner at an early stage. Without the Bill being sent out and circulated for eliciting public opinion thereon in the first instance, it will secure for it practically a good measure of mixed and independent public opinion; and without being sent to the Select Committee, it will successfully deal even with the details of the Bill. The judgment of the

Standing Committee will carry influence and weight with it. In any case the ascertained opinion of this Special Committee, whether unanimous or otherwise, will keep the Honourable Members of the Legislature more prepared than at present to discuss the Bill and to vote upon it at the critical moment on the motion for either sending or not sending the Bill to a Select Committee. I have nothing to say against the zeal or enthusiasm with which Bills bearing on the social life and the customary law of the communities are sprung upon the Legislature by people who may be very well intentioned whether as conservatives or liberals. But my Resolution simply proposes a device for giving a little more protection than at present for both communities and the Bills affecting them prejudicially or beneficially. If I am not mistaken, an idea like the one embodied in my Resolution was mooted in the other House in the year 1925 or so. But the idea somehow did not then materialise and I therefore request this House to revive it and give it a chance of life. Sir, I move.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal: Non-Muhammadan): Sir, I am very sorry I have to oppose the Resolution moved by my Honourable friend. I make no apology for it, and although I am sure I may be thought a little reactionary, yet, Sir, I cannot subscribe to the view that the Government, which has little or practically no proper appreciation of our religious and social customs, which thinks us to be as superstitious as the Red Indians or the Hottentots, should be allowed to make social laws. Such an action is bound to create great resentment in the minds of the public. I can cite at least one instance of it—I mean the Sarda Act. I am not going to discuss the merits of such a legislation, but the amount of resentment felt by the masses—at this stage the Honourable Mr. Mahmood Suhrawardy attempted to interrupt—I am not talking of the Muhammadans, I am talking of the Hindus—at the passing of the Act is very great and until we get self-government or something like it, which we hope we are getting, the time is not yet for such a move. Sir, I oppose the Resolution.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, I do not know what the attitude of Government is going to be on this Resolution, but personally I do not see either the utility or the usefulness of this Resolution from several standpoints. My Honourable friend's Resolution seeks the establishment of a Committee of non-officials and officials which will exist during the year for the purpose of giving advice to Government on measures affecting personal and customary law of the various peoples residing in India. I am afraid that this Committee will find itself at times in a hopeless dilemma. This Committee will probably consist of Hindu, European and Moslem Members. I might ask my Honourable friend what is the attitude Government are to adopt in cases of conflict of opinion among such Members.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): What do they do now?

THE HONOURABLE SIR MANECKJI DADABHOY: Does the Honourable Member mean to tell me that the Government should abide by the decision of the majority and not bring in such a Bill before the Legislature? My personal view—and I am sure that many Members of this Council will agree with me—is that I would depend upon the opinion of the larger and wider public outside the Council in matters of social legislation. My experience in this

[Sir Maneckji Dadabhoy.]

Council has been that when legislation affecting an alteration or a change in the social status or affecting any personal or property law has been brought, Bills have been circulated for the expression of opinion not only of provincial Governments but also of the wider public. It is the public whose last word in my opinion would be the decisive factor in the consideration of such questions and I therefore think the present policy of referring all such cases for public opinion is sound. Take even the instance of the Sarda Bill; when that Bill was presented Government took no action till Sir Morapant Joshi's Committee absolutely gave a decisive opinion in favour of it and further when a large body of public opinion was expressed in support of it. My friend says that the Government will be strengthened by the mixed and independent opinion of the committee suggested by him. I think the Government would be far more strengthened by the public opinion of a large class of people outside the Council. Moreover, it does not appear to me to be a practical proposition. It would involve the meeting of Honourable Members often in Delhi to sit together to deliberate and to come to some conclusion regarding the utility of private and Government measures. Many business people, many leading Members, who are all very busy men, will not, I believe, agree to serve on a committee of this nature and I think therefore for all these reasons it would be far more satisfactory to leave the question as it is to-day.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, Sir Maneckji Dadabhoy wanted to know the Government attitude. This matter, Sir, has got a short history and I think the House ought to know that history. As I understand the Resolution, the object is to secure that the personal and customary laws of the Hindus should not be changed by legislation hastily without full consideration and without expert examination. In so far as the object goes, the Government are in full sympathy with it and when I relate the short history the House will see that Government have not in any way been remiss in this matter. Sir, in 1924, the Reforms Inquiry Committee, popularly known as the Muddiman Committee, recommended this—(I am reading from paragraph 120 of the Report of that Committee):

“ We would provide in the Legislative Rules, on the example of the House of Commons, for two Standing Committees, one each for Bills affecting Hindu and Muhammadan Law. After either Chamber has given leave for the introduction of a measure falling within either of these categories, it should automatically be referred to the Standing Committee concerned, and no further action in regard to it should be taken until the Standing Committee has reported. Normally, before reporting, we think the Standing Committee should give an opportunity to the community concerned to make any representations in regard to the Bill which it may think fit, either orally or in writing ”.

Sir, that was the recommendation of the Committee. Upon that, the Government, on the 16th September, 1925, moved a Resolution in this House (the Council of State) to give effect to the recommendation and the motion was adopted without division. But, as the House will realise, a motion of that kind could not be given effect to unless it was also accepted by the other House. Now, what happened with regard to that? A motion in the same terms was moved by the Home Member in the Legislative Assembly on the 17th September, 1925, but was adjourned till the next session on an amendment moved by Dewan Bahadur Ramachandra Rao. It was again moved on the 18th August, 1926, by the Government and again adjourned, on an amendment moved by Mr. Jinnah, who wished the matter to stand over for the new Assembly, which was to come into existence soon. The motion was never brought before the

Assembly again, and we are in this position that the motion was accepted by this House but the Legislative Assembly deliberately refused to go into the matter on two different occasions and has not taken it up since. That is how the matter stands. So far as the Government are concerned, they are in full sympathy with the object underlying this Resolution but the practical difficulty has been the attitude of the other House. Now, Sir, there are two points to which I shall draw the attention of this House. The Resolution is confined to the personal and customary law of the Hindus. The House will recognise that in a matter of this kind you cannot do things piecemeal. If you are to deal with the personal laws of the different communities in this country you must deal with them in one broad scheme which will bring in the personal laws of all the communities. That is one of the objections which I feel to this particular Resolution. Not that Government are not in sympathy with the policy underlying the Resolution but it is too narrow in its scope. The second objection which I feel is that this very matter is now being considered in its broader aspects by the Round Table Conference. Is this House going to accept the Resolution when the matter is under consideration, not in its narrow aspect but in its broader aspect, by a competent committee which is now in operation? Sir, having regard to the attitude of the Government, that is an attitude of sympathy, and having regard to the fact that this Resolution does not go far enough to embrace all communities and having regard further to the fact that the matter in all its particular aspects is being considered by the Round Table Conference, I hope the Mover will think fit to withdraw the Resolution.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I wish to support this Resolution for various reasons, the first of which is that the proposer of the Resolution made it clear in his speech that if such a question arose about Muhammadans or any other community, he would be very glad to have it included in the scope of this Resolution. So that objection does not stand. The reason why I support this Resolution is the history of this unfortunate Sarda Act. In this Sarda Act, what happened was that they appointed a Committee to go round and collect opinions. This Committee did go round and collect opinions, but on this Committee there was not a single orthodox Hindu—they were all reformers. In England or elsewhere the position is different. Here, among our educated classes, there are some who are orthodox and others who are what are called reformers. I do not want anybody's help. I stand on my own legs as an independent man. But the fact remains that all the reformers got into this Committee, which was presided over by another reformer, and they made a report. I opposed that report in Simla, as my Honourable friends will probably remember—certainly my Honourable friend sitting near me (Sir John Thompson) will remember. Then we had a great fight, and I gave an instance which I wish to recall. In England they wanted to alter a few words of the Prayer Book. Over that, the whole of the House of Commons suspended all their party differences and the objection was taken that the election was not held on that issue and therefore the House of Commons could not decide that question. I took that objection, but it went for nothing. What happens is that the orthodox people have no mode of communication with the Government. Government have got all the reformers round about them and thus the Government machine goes wrong. That is the difficulty which we find. I found it myself. I argued the point. The Honourable the Chair also called me to order. That is the position. As to the first objection about Muhammadans not being included, I shall move a small amendment to enable them and every other community that likes to be included. The second objection that the Round Table

[Mr. G. S. Khaparde.]

Conference is now sitting is rather difficult. I think I said on the last occasion that this Round Table Conference will take a very roundabout way to come to no conclusion. It will go on for years and years and ultimately nobody knows what the result will be. I am not a prophet and so I could not foretell the result. Therefore that objection also does not weigh with me. The third objection is about our advancement. I ask the Government to borrow a page from an old Emperor of India, Akbar. Akbar, though a Muhammadan, had Hindus and Muhammadans round about him and he always consulted them. We have got these Councils, and the present proposal is that there should be a committee appointed. There was a committee, as my Honourable friend the Law Member has pointed out. It was not thrown out, but it has been held in abeyance. It is in a state of suspended animation. Only the other House did not agree to it. I do not say that the agreement of the other House is essentially necessary. We can pass our Resolution, and they can, if they like, go against it and if necessary we can then settle it in a joint sitting. There is a procedure to follow. The Government, I am very glad to see, are in sympathy with this Resolution and I propose that this sympathy should materialise and that an official body, consisting of Members of this House as well as Members of the other House, should be appointed to go into these matters. Lately I heard that there was a proposal for divorce being introduced. Another Bill for regulating inheritance has been introduced. The only way of dealing with all these revolutionary changes is to have an officially recognised body which will be able to put its opinions before the Government. In view of these things I heartily support this Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, most of the grounds which I wanted to traverse have already been traversed by my Honourable friend Mr. Khaparde. We find that our Hindu religious laws are being broken piecemeal as the views of the unorthodox prevail over those of the orthodox who are smaller in number in the Central Legislature. The Honourable the Law Member has said that the object underlying this proposal has the sympathy of the Government and that a proposal similar to this was debated in this House a few years back and carried. Sir, when a Resolution on the same lines as the present one has been carried, it seems inconsistent that the Government should half-heartedly oppose it, in case it is pressed to a division. I am sorry I cannot understand this attitude, Government once supporting a measure and at another time giving its cold support to its opposition. This is a subject which is a very serious and an important one. In many foreign countries the Legislature has a sub-committee or standing committee to deal with religious or social legislation which any member may like to bring forward and to decide whether such proposed change be allowed to be discussed. The time has come when our new constitution is on the anvil that this Resolution, which this House carried some time back should be carried again, so that the importance of the subject be impressed upon those in authority and they may consider this question and accede to the object underlying it.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : Sir, in view of the explanation given by the Honourable the Law Member in his official reply and the sympathetic attitude shown by him towards my Resolution, and also in view of the fact that owing to the Round Table Conference the whole thing is in the melting pot now, I beg leave of the House to withdraw the Resolution.

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* EDUCATION IN THE NORTH-WEST FRONTIER PROVINCE AND BALUCHISTAN.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN (East Punjab : Muhammadan) : Sir, the Resolution that stands in my name is as follows :

"This Council recommends to the Governor General in Council to take early steps to speed up the pace of education in the North-West Frontier Province and Baluchistan so as to bring those tracts educationally into line with the rest of India as soon as possible."

Sir, reforms for the Frontier are now practically an accomplished fact. With the general changes contemplated for the rest of India reforms will have to be introduced in due course in Baluchistan as well. But reforms without the necessary education and enlightenment may prove to be more a source of weakness than of strength to the country. It becomes therefore an imperative duty of the Government to force the pace of education in these two provinces. In Baluchistan at present there is only one high school and not a single college. The condition of primary education is also deplorable. If there is lack of money, then cheaper modes of imparting enlightenment may be tried, for instance, *muktabs* in a modified form would perhaps meet the situation. In the North-West Frontier Province, though the conditions are not as bad as in Baluchistan, still the general spread of education is very limited. This state of things, if permitted to continue, will adversely affect the reformed machinery of the province and a breakdown there will have unwelcome repercussions in the rest of India. The necessity is urgent and I ask the Council to recommend to the Governor General in Council to take up this matter in a serious manner. Sir, I move.

*THE HONOURABLE MR. SYED ABDUL HAFEEZ (East Bengal Muhammadan) : Sir, I rise to support the Resolution moved by the Honourable Member. I think this is a very sound Resolution and everybody will agree that such a measure is desirable. I think the Mover has put forward his arguments ably, so I need not say much. I support the Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I have every sympathy with the object underlying the Resolution moved by my friend Chaudri Muhammad Din. I want to make a few observations, not with the intention of opposing the underlying object, but with reference to the facts before us. The North-West Frontier Province has now been made a Governor's Province and all the reforms are being given to it. I think, so far as the North-West Frontier is concerned, that this matter should be left for the consideration of its own Legislative Council which is now under formation. As far as Baluchistan is concerned, Sir, I have toured in that area to some extent and have found that the demand for education was very meagre. Anyhow, efforts ought to be made, when funds permit, to give more facilities for education in that area.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : Sir, I have great pleasure in supporting the Resolution. After all the Mover wants educational facilities to be given to the two areas mentioned. Coming as I do from a distant province and as one who

* Speech not corrected by the Honourable Member.

[Diwan Bahadur G. Narayanaswami Chetti.]

has no interest in the North-West Frontier Province, I have great pleasure in supporting the principle that all provinces should be given equal educational facilities. I support the Resolution.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member): It is a very great pleasure, Sir, to hear such sweet and short speeches on the subject of education, which generally invites Members to be very long-winded. The Honourable Member who has moved this Resolution has brought forward the case for two areas, the North-West Frontier and Baluchistan, and he has dealt only with the case of education in those two areas. What he desires is that the imparting of education may be speeded up. Apparently there is an underlying assumption that all is not well with education in those two areas. There has always been some misapprehension in the minds of the Indian public as to those parts of India. Therefore I think it will be well if I give some facts relating to those parts. The facts are, Sir, something like this. The percentage of pupils to population is a test which can be applied to show where the North-West Frontier Province stands in the scale of education in India. I believe it is a fair test. Then there is another test, what is the cost of education per head of the population as indicative of the effort which Government is making to impart education in that area. And a third test is, what is the cost of education per pupil in that area. That also is indicative of the effort that Government is making in different parts of India. Now, I find that as regards the percentage of pupils to population, I believe it will come as a surprise to most of the Members present that the North-West Frontier Province is better off than the United Provinces; it is better off than the province of Bihar and Orissa, and it is better off than the Central Provinces. So, you cannot very well say that the North-West Frontier Province is very much of a benighted province so far as education is concerned. Undoubtedly the United Provinces and Bihar and Orissa have had the benefit of British administration from long before the North-West Frontier Province. Those provinces are supposed to have a long tradition of scholarship and education as compared with the barbarians living across the Indus. But the facts are as I am stating. Now, let us see to what extent these three provinces which have been blessed with the Montagu Reforms and self-government have done their duty by education as compared with the efforts made by the Government of India in the North-West Frontier Province. On examination, Sir, it will be found that the cost per head of population on education in the North-West Frontier Province is more than it is in the United Provinces, in Bihar and Orissa, in the Central Provinces, in Assam and even than in the great province of Bengal. So, here we are. You cannot really say that the efforts on the part of Government in educating the North-West Frontier people are second to any of these provinces. It is ahead of them. Then, let us see how it stands so far as the cost per pupil is concerned. There again you will find that it is leading the rest of India. I shall give you the names of the provinces. It is ahead of the United Provinces, Bihar and Orissa, the Central Provinces, Assam and even Madras—the Honourable Member representing which gave his support to this Resolution—and even the Punjab wherefrom the Mover comes, and Coorg. Practically the cost per head of pupil is greater here than anywhere else in India except the province of the Honourable Member to my right (Delhi) and Baluchistan. Therefore, Sir, it is obvious that so far as the North-West Frontier Province is concerned both in effort and in result, education in the North-West Frontier Province is as well as one might expect, to put it mildly.

Now, as regards policy, the policy enunciated by the Honourable Mover has been the policy acceptable to Government for a number of years. As early as 1926 it was adopted and in 1927 a five-year programme was sketched out. A non-recurring grant of Rs. 15,89,880 was made. This was for five years. A recurring grant of Rs. 1,61,830 for the first year rising gradually to Rs. 4,65,392 was also given. You can see that the effort made by the Government was all that could be expected in the circumstances. The second step taken by Government was in 1930 when the Chief Commissioner with the full concurrence of the Government of India laid down the general policy in replying to an address presented to him by the people of the North-West Frontier Province. He said:

“ True you are not under the reformed administration; your neighbouring province, the Punjab is; it is but fair that you should expect some sort of expenditure as in the case of the neighbouring province in the districts of that province which are next to you; and I am prepared to do that ”.

That policy was enunciated very clearly and it gave a great deal of satisfaction. I wish we could have carried it out. But, as you know, the attention of the Central Government was unfortunately taken away from beneficent activities to finding money for meeting the deficit; and when your pockets are empty you cannot very well be beneficent to others. You first want to look after yourself and look after necessary Departments like the Police and so on, especially when people are indulging in activities of various sorts which do not bring in money or are not economically sound. Therefore, that progress was to a certain extent more or less stopped. As has been pointed out by my Honourable friend Lala Ram Saran Das, we are on the eve of reformed administration in the North-West Frontier Province. This morning's telegrams show that the Chief Commissioner is the Governor-designate of that Province. That announcement is a clear indication of the fact that the change of constitution is really quite near. Therefore, it would not do for me in a long-winded manner to say “ I welcome this Resolution and we will spend lakhs and lakhs on education,” because really the administration will pass out of my hands into the hands of the new constitution. I therefore trust that so far as the North-West Frontier is concerned, the Honourable Mover of the Resolution will realise that having afforded me an opportunity of saying what the Government of India have done in the matter, he will leave the matter there, and after five years try to see what the reformed constitution does for that province subsequently.

As regards Baluchistan, there is a difference. The difference is that the results are not commensurate with the effort put forward by Government. The percentage of pupils with reference to population is the lowest in India, but the cost of imparting education per pupil is the highest in India. In fact, it is more than double that of any other province in India, except Burma, and it is double the cost in Burma. Effort is not lacking, but the results are not commensurate with it. Why? Is there a wastage or mal-administration? No; it is on account of certain geographical conditions and certain inherent backwardness of administration. There are very poor communications. The population is very sparse; a little population here and a little population there. You want to have practically a school for every household; and then those people are not settled down; they are nomadic. You cannot carry a travelling school like a travelling dispensary; it cannot be done and therefore the results are not in any way commensurate with the amount of money that is invested. I have no doubt, Sir, that the House will not grudge every effort that is being made by Government to improve the condition of this very backward area.

[Khan Bahadur Mian Sir Fazl-i-Husain.]

Already, as I have said, a great deal of money has been spent. Well, we must wait till these people are settled down, so to speak, and do not continue to be nomadic or until some man of genius comes into the Central Legislature or perhaps by chance gets into the Government Benches and discovers a way of imparting cheap yet good education to nomadic people. We have not yet succeeded in making that discovery. In the meantime I trust realising the amount of money that is being spent there the Honourable Mover will feel satisfied and keeping in view the financial stringency—the guardian of finance is sitting just behind—he will not press the Resolution in the circumstances.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN : Sir, as regards the Frontier Province, the figures given by the Honourable Member show that things are not what I thought they were ; I was in the Frontier Province for eight years, but it is 25 years ago since I was there, and at that time I was of the opinion that the province was backward in education. Sir Fazl-i-Husain has told us that the cost per pupil there is very high. Really in all backward tracts the cost per pupil is always high. When education spreads, the cost comes down. So of course Government is spending much more per pupil, but that does not mean that education has gone forward.

Baluchistan, Sir Fazl-i-Husain himself knows and he has said, is most backward. Government is alive to the situation and after what Sir Fazl-i-Husain has told us, I will not press the Resolution, and I would ask permission of the Council to withdraw it.

The Resolution was, by leave of the Council, withdrawn.

(The motion* standing in the name of the Honourable Mr. Abu Abdullah Syed Hussain Imam was not moved as the Member was absent.)

The Council then adjourned till Eleven of the Clock on Monday, the 7th March, 1932.

*“ This Council recommends to the Governor General in Council to introduce a comprehensive Act to replace the recent Ordinances.”

COUNCIL OF STATE

Monday, 7th March, 1932.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable Sir Philip Browne, Chairman, in the Chair.

QUESTIONS AND ANSWERS.

SHORT NOTICE QUESTIONS PUT DURING THE LIFETIME OF THE COUNCIL.

76. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will Government be pleased to state on how many occasions was the privilege of short notice questions taken advantage of by Members of this House since its constitution ? If so, will Government be pleased to specify the occasions ?

THE HONOURABLE SIR BROJENDRA MITTER : Statistics of short notice questions are not maintained and the number of such questions put during the lifetime of this Council could only be extracted by an exhaustive examination of the proceedings the result of which would not in the opinion of Government be commensurate in value with the labour involved. I should like to add that the proceedings are available to the Honourable Member.

REPORT ON THE DEFENCE OF THE NORTH-WEST FRONTIER.

77. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (a) Do Government propose to lay on the table the report of Sir Evelyn Howell on the defence of the North-West Frontier ?

(b) If not, why not ?

(c) Have Government accepted the recommendations contained in the report ?

(d) What is the evaluated saving if the recommendations are adopted ?

THE HONOURABLE SIR CHARLES WATSON : (a) No, Sir.

(b) The recommendations made in the report are still under the consideration of the Government of India, and it contains a good deal of information, the publication of which would not be in the public interest.

(c) Some of the recommendations have been accepted ; others not. Some are still under consideration.

(d) I regret that it is not possible to give the figure for which the Honourable Member asks, since the calculations of the Committee were only tentative and were based upon a number of assumptions some of which have not been fulfilled. The amount of the savings accruing from measures adopted in accordance with recommendations which have been accepted is being worked out and a statement will be laid on the table in due course.

FLOATING AND PERMANENT DEBTS OF THE GOVERNMENT OF INDIA ON 30TH SEPTEMBER, 1931 AND ON 24TH JANUARY, 1932.

78. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM :

(i) What kinds of debts of the Government of India are regarded as floating debts? Are Treasury Bills, Postal Certificates, Savings Bank Deposits, Ways and Means Advances, included in this list?

(ii) (a) Are the *ad hoc* securities of paper currency reserve regarded as debts? If so, are they regarded as permanent or floating debts?

(b) If they are not regarded as debts who is going to pay them back?

(iii) What was the total indebtedness of the Government of India on 30th September, 1931 and on 24th January, 1932?

THE HONOURABLE MR. A. F. L. BRAYNE : (i) The term "floating debt" is applied to borrowings of a purely temporary nature such as Treasury Bills and Ways and Means Advances with a currency of not more than 12 months. Post Office Cash Certificates and Savings Bank Deposits are classed as "Unfunded Debt."

(ii) (a) Yes, floating debt.

(b) Does not arise.

(iii) The Honourable Member is referred to the appendix dealing with the public debt in the Financial Secretary's memorandum which will be supplied to Members with the budget papers. The total indebtedness on the dates mentioned is not known.

NOMINATIONS FOR ELECTION TO THE STANDING COMMITTEE FOR ROADS.

MR. CHAIRMAN : I have to announce that the following Honourable Members have been nominated for election to the Standing Committee for Roads. The date on which the election will be held will be announced hereafter.

The Honourable Mr. Ernest Miller.

The Honourable Mr. Syed Abdul Hafeez.

The Honourable Mr. Mahmood Suhrawardy.

The Honourable Rai Bahadur Lala Ram Saran Das.

The Honourable Mr. Bijay Kumar Basu.

The Honourable Mr. Hormusji Maneckji Mehta.

The Honourable Mr. Jagadish Chandra Banerjee.

Three Members of these will be elected.

MOTION FOR THE ELECTION OF SIX NON-OFFICIAL MEMBERS TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary) : Sir, I move :

"That this Council do proceed to elect, in such manner as may be approved by the Honourable the President, six non-official Members from the Council who shall be required to serve on the Central Advisory Council for Railways."

The motion was adopted.

MR. CHAIRMAN : With reference to the motion which has just been adopted, I have to announce that nominations will be received up to 12 noon on Friday, the 11th March.

PRESENTATION OF THE GENERAL BUDGET FOR 1932-33.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary) : Sir, I rise to present the statement of the estimated expenditure and revenue of the Governor General in Council for the year 1932-33 in respect of subjects other than Railways.

2. Five years ago it was my great privilege to present the first Budget to the House in this Chamber under very different circumstances from those which prevail to-day. Then we had a period of comparative prosperity behind us and the three previous years had shown substantial surpluses. In the budget of 1927-28 Government were therefore able to make proposals for the final abolition of the provincial contributions which stood in the way of provincial autonomy and development. To-day we live in a time when the whole world is suffering from a deep-seated economic malady, the symptoms of which are a catastrophic fall in prices, a deep depression in trade, and a general upheaval of all the old standards which make it difficult to forecast the financial prospects of the future. The year 1930-31 closed with a deficit of Rs. 11.58 crores, and for the current year we expect a deficit of Rs. 13.6 crores. This presents a gloomy picture which at the outset and in present conditions would seem to be of ill augury for the budget of 1932-33. Government have, however, expectations of considerable improvement from the full yield of new taxation, from substantial retrenchments in expenditure, and from a general amelioration in conditions of which signs are not wanting, and expect to realise a surplus next year of Rs. 2.15 crores. The means by which this result is secured will be found in detail in the various statements which will be placed in Honourable Members' hands, a study of which will, I hope, induce the conclusion that the Indian financial position can be justifiably regarded as sound and that when the economic crisis under which the whole world suffers begins to fade away, no country will be in a sounder position than India to move forward from strength to strength.

3. In the present statement I propose only to deal on broad lines with the position, avoiding too great detail and the mass of figures which must accompany any fuller account. This is but an introduction to a fuller study of the papers which Honourable Members will be able to undertake before the general discussion on Friday. There are no surprises in this budget for, as His Excellency the Governor General has already announced, it is not intended at the present stage to propose any extensions or modifications of the scheme for increasing revenue which was placed before the House some months ago, and this budget statement must lose some of the interest which usually attaches to it.

4. Before I deal with the revenue and expenditure of the current and ensuing years, I will instance some salient features of the situation which provide a clue to the whole financial position. Exports of merchandise for the first ten months of the current year amounted in value to about Rs. 135 crores as against 265 crores for 1929-30, while the value of imported merchandise has fallen from 201 to 105 crores. These startling figures indicate to what extent our present difficulties are due to world conditions. Exports of jute and jute products have fallen from Rs. 69 crores to Rs. 28½ crores, raw cotton from 51 to 20, while under imports cotton manufactures have fallen from 49.7 to 15.9 crores, and sugar from 13.8 to 4.9 crores. Despite all this, our favourable trade balance, including treasure, for the first ten months is Rs. 71 crores as compared with Rs. 43 crores for 1929-30. Herein lies the significance of the export of gold. As an indication of our higher rates of taxation I may state

[Mr. A. F. L. Brayne.]

that this year we have collected for ten months about Rs. 29 crores of import duty on Rs. 105 crores value of imports, as compared with Rs. 33 crores of duty on Rs. 201 crores of imports for 1929-30. A full report by the Director-General of Commercial Intelligence reviewing the trade statistics for 1931 is being circulated to Honourable Members.

5. It will be remembered that it was estimated in September last that on the then existing basis of taxation there would be deficits of over 19 crores in each of the years 1931-32 and 1932-33, and it was hoped that by new measures of retrenchment and taxation the deficit in the current year would be reduced to about Rs. 10 crores, and that for next year the full effect of these measures would produce a surplus of about Rs. 5½ crores. These were but rough estimates and our present position in the light of the most recent information is that we shall close this year with a deficit of Rs. 13·66 crores and that the surplus for next year will be Rs. 2·15 crores, a surplus, which I would emphasise, is based on severely reduced estimates of revenue and which provides a reasonable margin of safety. The net effect of the two years is a deficit of Rs. 11·5 crores, but I would remind the House that this is not so bad as it looks because for this year and next together we are providing no less than Rs. 13·7 crores from Revenue towards reduction or avoidance of debt, or 2·2 crores more than the total deficit for the two years. This provision is in no way recurrent expenditure and is a measure of specially conservative nature as practically the whole of the debt is covered by productive undertakings which themselves make adequate financial provision against depreciation. The real position is that as the net deficit of 11·5 crores for the two years is arrived at after providing 13·7 crores for reduction of debt, current receipts for the two years will actually exceed current expenditure by 2·2 crores, which may be regarded as a sound position if it is reached in these times of unexampled depression.

7. The increase in the deficit of the current year from the earlier estimate of 10 crores is mainly due to the fact that on the latest information the Customs estimates for the current year have to be reduced by 5 crores and the Income-tax estimates by 1 crore, but there is improvement of about 2½ crores under Finance heads mainly due to the improvement of the currency position, which leaves the net deterioration at about 3½ crores.

8. The total budget estimates for 1931-32 and 1932-33 are as follows :

	Revenue.	Expenditure.
Original—1931-32	134·87	134·86
Revised—1931-32	120·77	134·43
Budget—1932-33	129·96	127·81

As regards estimates of revenue for next year, the following are the main features :

Customs.—Under Customs the estimate for 1932-33 is 52·3 crores which is about 6 crores more than the revised estimate of the current year, as it takes into account the currency of the new taxation for a full year. It is, however, 4 crores less than the original estimate of the current year despite the additional duties, which shows that a large allowance is made for the depression in trade. Under this head the deterioration is most marked under sugar, silver, cotton piece-goods and liquors. In the case of sugar, whereas the average importation was 850,000 tons in recent years, the customs duty

for 1932-33 is calculated on an import of 500,000 tons only, a decrease due mainly to fall in purchasing power though increased Indian production may play some part. The estimated decrease in revenue from sugar is 216 lakhs next year as compared with the original estimate for 1931-32 on the basis of duties without the surcharge.

Silver is another important factor. In 1930-31 the duty collected was 233 lakhs on 111 million ounces imported but for next year the estimate is only Rs. 160 lakhs on 34 million ounces.

Under cotton piece-goods the customs receipts are expected to be Rs. 186 lakhs less next year than in the 1931-32 budget and under liquors the deterioration is expected to be 79 lakhs.

Income-tax.—The estimate for 1932-33 is only 18·7 crores compared with 17·3 for the current year although the increase in rates of income-tax and the new levy on incomes between Rs. 2,000 and 1,000 were expected to yield an additional 3½ crores. Thus, substantial allowance has been made for deterioration in general conditions of business in the current year. In this connection I may say that the whole subject of evasion of the tax has been reviewed and Government are feeling their way towards certain methods which it is hoped will have valuable results.

Salt.—Under Salt revenue an improvement of 238 lakhs as compared with the current budget is expected from the abolition of the credit system and the surcharge.

Under Commercial Departments, the estimated revenue for the current year was 393 lakhs ; for next year there will be a net loss of 19 lakhs. As Honourable Members are aware, no contribution from Railways is expected this year or next. Under Posts and Telegraphs, the loss on working in the next year after allowing for the full effect of retrenchment and increased charges, is expected to be about 16 lakhs. This does not take into account the effect of the recommendations of the Posts and Telegraphs Accounts Enquiry Committee which are under consideration, but any adjustments in accordance with those recommendations, while they might improve the results of the Department, would not affect the budgetary position as a whole. Under the head Currency and Mint an improvement of over 2½ crores is expected next year, which is mainly due to the anticipated increased profit on note circulation due to the expansion of currency against treasury bills : this merely represents a restoration of part of the reduction in currency profits which resulted from the much heavier contraction of the preceding two years.

9. I now come to the expenditure estimates for 1932-33, and here I enter upon the familiar ground of the retrenchment campaign which has yielded such very satisfactory results. At the outset I may perhaps be permitted to say that in my capacity as Retrenchment Officer I have been in close touch with the operations of the various Retrenchment Sub-Committees and had indeed the privilege of being Secretary to the Army Committee. I can thus testify to the extremely searching scrutiny to which the expenditure of the Government has been subjected by those Sub-Committees, the members of which have devoted weeks of intensive and exacting toil to their task. That task is not complete as Government are awaiting further reports from four of the six Sub-Committees. As I was attached to the Inchcape Committee throughout its enquiry nine years ago, I think I may say that the present campaign has been much more drastic and the scrutiny more severe than in the earlier enquiry, partly because the task was rendered more difficult as the field had already been gleaned once.

[Mr. A. F. L. Brayne.]

Nor should a tribute be omitted to the part which the Heads of Departments have played in carrying into effect the retrenchments recommended. It has been often a difficult and uncongenial task especially in those many cases where retrenchment has dealt a severe blow to activities of which they had just reason to be proud.

10. What then are the results achieved? In the supplementary budget the Finance Member estimated that retrenchment in civil expenditure including Posts and Telegraphs would produce a saving of Rs. 325 lakhs against which there would be terminal charges for compensation, etc., of about 75 lakhs—the net result being a reduction of 250 lakhs, while from cuts in pay of civil officers a saving of 115 lakhs was expected. The actual result is that the gross saving on the civil side is 345 lakhs on account of definite measures carried out in respect of the recommendations of the Sub-Committees; to this Government have added a further 88 lakhs from further miscellaneous reductions, making altogether a reduction of 433 lakhs against a sum total of 499 lakhs recommended by the four civil Sub-Committees (excluding Railways and Army). The percentage is 87 which I trust Honourable Members will regard as satisfactory.

11. Against this gross total of 433 lakhs must be set 33 lakhs for terminal charges of retrenched personnel, leaving 400 lakhs net compared with 250 lakhs assumed by the Finance Member in his supplementary budget. Temporary cuts in pay will yield 122½ lakhs compared with 115 lakhs assumed at the earlier stage. The gross total of retrenchments and cuts in pay on the civil side is thus 555 lakhs.

On the military side, in the supplementary budget a net reduction of 525 lakhs was assumed for next year including cuts in pay; this figure has been maintained in the estimates for 1932-33 and is composed of 228 lakhs out of 278 lakhs recommended by the retrenchment committee, 182 lakhs from other measures of retrenchment including postponement of the programme of re-equipment, and 140 lakhs from cuts in pay.

The sum total of reductions due to retrenchment and cuts in pay on the civil and military estimates thus amounts to just over 11 crores, of which 843 lakhs represents retrenchments and 262 lakhs cuts in pay.

12. Now in regard to the effect of retrenchments on the civil side, I must refer to certain items of expenditure which go to reduce the actual result as reflected in the budget estimate. In the first place, there is unavoidable expenditure of Rs. 35 lakhs on increments of pay to Government establishments—there is the sum of Rs. 33 lakhs to be paid out in terminal charges for retrenched personnel: these are unavoidable charges. But in addition to this there is certain expenditure which must be provided for and which is inevitable. This may be divided into two categories—

- (a) New expenditure, which is apparent only, inasmuch as it does not represent real fresh expenditure. Under this head I would mention provision of 22½ lakhs for the Nasik Printing Presses. This results from recommendations both of the General Purposes and Public Accounts Committees to the effect that the budget in future should show gross figures of expenditure and receipts instead of, as in this year, a net figure. This of course adds 22½ lakhs to the expenditure side which, however, is more than balanced by receipts. Again, the Central Government is taking over from

Bombay the direct administration of Aden, which means an addition of 5 lakhs to the expenditure side, but this is counter-balanced by 6½ lakhs additional revenue. The Delhi Capital account has been closed down with the result that expenditure now charged to capital will henceforth be charged to revenue. This adds 17 lakhs to the budgeted expenditure but is in no real sense a new item. Against this there are receipts of about 7 lakhs. There is also under this head an extra charge of 8½ lakhs for interest on the Posts and Telegraphs Department. Further, it has been necessary to provide Rs. 12½ lakhs for additional Income-tax staff in consequence of the doubling of the number of assesses.

- (b) There is a second class of expenditure which represents unavoidable new outlay. Examples are—5½ lakhs for the Round Table Conference, 6 lakhs for the inauguration of the new province in the North-West Frontier, 3½ lakhs for the Delhi Conspiracy case.

All together under the first class the extra provision is about 89 lakhs and under the second head 29 lakhs—or a total of 118 lakhs. These items have been mentioned because the position becomes complicated when an attempt is made to trace the actual effect of the retrenchments on the budget figure. At this stage I would draw the attention of Honourable Members to the very full memoranda which have been supplied showing the results of the retrenchment operations in great detail. If any Member find any difficulty in understanding any point or any figures, I shall be only too glad to give all the help I can.

The effect of retrenchment on the establishments of Government is one which all of us must find distressing, but it indicates the extent of the retrenchment. In pursuance of the campaign the following appointments in the Civil departments including Posts and Telegraphs have been or will shortly come under reduction so far as information is at present collected—

Gazetted officers	299	} a total of 7,063.
Ministerial and other superior establishment	5,279	
Inferior establishment	1,485	

The reductions in military establishment amount to nearly 16,000 men.

13. There is one important point in the budget this year which complicates the account to which I would draw the attention of the House. That is the change in the position of the North-West Frontier Province and its effect on the estimates. This is described in full in my memorandum, but briefly the position is that Rs. 66½ lakhs drop out of the receipt side of the budget, while 163½ lakhs disappear from the expenditure side. This is a net difference of 97½ lakhs which represents the deficit of the province; instead the Government have now provided for a subvention of one crore of rupees. The subvention is to be in operation for three years or until the new Constitution for India is established, whichever is earlier. There is, however, a complication which arises out of the fact that the new Council cannot come into being till later on in the month of April than was anticipated and that the revenue and expenditure will remain as central transactions for that period of delay. I would say a few words as regards the fixing of the subvention which has been a matter of some difficulty in the present abnormal times. The North-West Frontier Province Subjects Committee suggested a basic contribution of 117 lakhs but left it to Government to make adjustments in the revenue figures

[Mr. A. F. L. Brayne.]

for the present low prices, nor could they at the time anticipate the results of the retrenchment campaign. Government have since had that advantage and have considered the advance recommendations of the General Purposes Retrenchment Committee, and in consequence they have formulated a budget for the province on the same lines as they would have done had the administration remained with them, except that allowance had to be made for the extra cost of the administration. They have, however, made no provision for increasing the resources to provide for any programme of expansion, nor could they do so at a time when the rest of India is compelled to a policy of severe curtailment of its beneficent activities. But Government maintains that they have dealt fairly with the province in the circumstances and it is to be hoped that the Provincial Administration will be in a position to utilise its resources to a fuller extent than may have been done under a central administration.

14. I have already dealt briefly with the military estimates for next year, but it is necessary to explain the position further. The Army Department memorandum explains how the net decrease by $5\frac{1}{2}$ crores to 46.65 crores has been arrived at. It is made up of 140 lakhs from cuts in pay and 310 lakhs from retrenchment, against which there is expenditure of 25 lakhs on certain unavoidable new items such as the Indian Sandhurst. Of the saving on cuts in pay only 17 lakhs can be regarded as permanent, the remainder is due to the cut of 10 per cent. which, as Honourable Members know, is a temporary measure. Out of the 310 lakhs of retrenchment, about 65 represents savings which are not strictly recurrent as they result from eating up of stocks and postponing building. In addition, one crore accrues from the postponement of the re-equipment programme. The Army authorities have throughout made it clear that they have only agreed to postpone their programme in order to meet the present national emergency and that the permanent cancellation could not be accepted consistently with maintaining the efficiency of the Army. His Excellency the Commander-in-Chief has given an assurance that he will not relax his efforts to secure further reductions in recurring expenditure both by pressing on with measures already accepted and by developing further lines which may present themselves, but he has made it clear that he does not see any hope of effecting economies from measures other than reduction of troops, which raises different issues, which would go near to make up the 123 lakhs which would result from restoring cuts in pay and the disappearance of 65 lakhs of other special savings. It has indeed only been possible to reach the reduced estimate for next year by reducing troops to effect a saving of Rs. 35 lakhs. Also there is the effect of the prices of food grains to be considered; if these rise to anything like the 1929 level, an event desirable enough on general grounds, there must be an automatic increase in military expenditure. Therefore His Excellency desires it to be made clear that he cannot regard the budget figure of 46.65 crores as representing a new standard level and that the normal cost of the Forces at their present strength when the cut in pay is restored must be recognised to be about 48 crores even if the prevailing low prices for grain, etc., continue. I have thought it right to let Honourable Members know the conclusion which His Excellency has drawn from the facts of the present situation. Government will continue to press for every possible economy and the retrenchment campaign is not to be regarded as finally closed with the present achievements.

15. Before I leave the subject of the estimates of expenditure, I would like to draw attention to a table on page 2 of my general memorandum which

shows that whereas in the comparatively prosperous years from 1923 to 1928 the extent to which Government had to rely on tax revenue was only Rs. 68 crores, on the average, next year in a time of severe depression the call on tax revenue will amount to 77 crores. The reason for this pressure on tax revenue is not increased expenditure, for controllable expenditure has gone down in that period from 75 crores to 64 crores; the reason lies in the falling off of revenue from commercial departments, the finance heads and opium in which there is a reduction of nearly 11 crores next year compared with the average for the five years 1923-28. This is the real cause of deterioration to which must be added the abolition of provincial contributions which stood at Rs. 9 crores in 1923 and the increase in the provision for reduction or avoidance of debt from $4\frac{1}{2}$ to 7 crores. A further point is that we are now meeting their full accrued liability in respect of Cash Certificates which means a further 2 crores. It is clear that the need for increasing tax revenue is not greatly increased expenditure but the heavy drop in the returns from the economic activities of Government and in the productivity of the country on which the revenue from taxation depends.

16. On the subject of Ways and Means I will not take up the attention of the House except to mention one or two salient features. In the current year the most important features have been the increase in provincial drawings by nearly 6 crores owing mostly to heavy deficits and loans to agriculturists to assist them to tide over the fall in prices or failure of crops. The other important feature was the addition of Rs. 35 crores to the resources as a result of expansion of currency against treasury bills. During 1930-31 and 1931-32 Government had to effect large contractions of the currency to avoid development of an inflationary position owing to the tremendous fall in world prices of all commodities. This process continued till September when the suspension of the Gold Standard produced a complete change in the situation. For various reasons a large demand for currency has arisen, which enabled Government to replace in the Paper Currency Reserve a large part of the Treasury Bills which had been cancelled during the previous two years and in this way to recover resources temporarily lost by the previous contraction: the net effect of contraction and expansion during the last three years has been to decrease resources by Rs. $8\frac{1}{2}$ crores. Under loans, £10 million was raised in London in May 1931 but the 1932 loan was repaid from treasury balances—a net reduction of £5 million in sterling borrowing. The loan in India achieved nearly 17 crores against an estimate of 15 crores, and a satisfactory feature was the extent to which small investors took advantage of the loan in a time of depression. Another satisfactory feature is that the receipts this year from Post Office Cash Certificates are expected to amount to over 7 crores compared with the estimate of 4 crores. For next year the main feature is that it should not be necessary to raise any loans except for the purpose of meeting or converting maturing loan obligations. It is assumed that the 6 per cent. sterling bonds, 1932-33, which Government have the option to repay in June will be replaced by other sterling borrowing, but it may be possible to repay these bonds without borrowing in London if exchange continues strong. As regards rupee loans, it is expected to issue a loan of $14\frac{1}{2}$ crores which is required to provide for the repayment of 6 per cent. 1932 bonds which fall due in October. If the recent improving tendency in the Government securities market continues, it should be possible to raise a larger loan in India on favourable terms, and in that case Government will probably take the opportunity to fund a part of the floating debt.

17. There are two questions which have engaged considerable attention during the year, the export of gold and the expansion of the currency.

[Mr. A. F. L. Frayne.]

As regards the first the House will have an opportunity of discussing the question and hearing the views of Government on the Resolution which my Honourable friend Rai Bahadur Jagdish Prasad proposes to move to-morrow and therefore I need not deal with the question now. As regards expansion of the currency, the criticism has been advanced that the recent expansion has not been justified by any rise in rupee prices and that the Government is in effect using the note printing press to meet its own requirements, thereby causing a dangerous inflationary position. Government were severely criticised before for contracting as they are now taken to task for expanding the currency. As to this charge the answer is simple that so long as the rupee exchange is pegged to something external either gold or sterling, currency cannot be expanded or contracted beyond the requirements of the public without the results becoming apparent in the exchange position. If Government expands currency to meet its own needs because its revenue is inadequate or its credit is bad, then exchange will weaken and collapse. The great improvement which has recently taken place both in credit and exchange is the best answer Government can give to its critics whose views are not shared by the money markets. To those who say that the recent rise in prices has not been sufficient to justify the extent of expansion of the currency, the only answer is that it has been absorbed and that there is no evidence in the Bank's figures or otherwise of an undue surplus. Where the money has gone it is not possible to say exactly. Some is required to meet the needs of trade with higher rupee prices and also currency must now be held to a large extent where gold now exported was held before. This shows a gratifying confidence in the country's currency. Whatever the critics may say, Government can assert with the greatest assurance that the position is sound. It is obvious that the recent improvement in the exchange position and in the demand for currency has been largely due to the sale and export of gold. If that were to cease and if there were to be any set back in the world with a renewed fall in gold and rupee prices, then Government may again have to reverse the process to maintain a sound position. Will the critics again shift the ground and criticise Government once more from the other side? For the present let us hope such a necessity will not arise.

18. I will now conclude this review. Government can justifiably maintain that their budgetary position is sound—expenditure has been heavily retrenched in accordance with the recommendations of the Retrenchment Committee, made after a severer scrutiny than has ever before been made; the revenue estimates are based on conservative data having regard to the present state of trade depression, and thus Government can face next year with a prospect of a fairly substantial surplus, while, even though the current year is closing with a nominal deficit, if we take into account the provision made from revenue for reducing debt, we can reckon on a surplus of receipts over expenditure for the two years combined. There are not wanting favourable signs in the increase of investments in Cash Certificates and Savings Bank deposits and in subscriptions by small investors to the Treasury Bonds. Again one may point to the easing of money rates, the repayment without borrowing of 15 million sterling in January and to the recent strong improvement in the price of Government securities both in India and in London. For example, the $3\frac{1}{2}$ per cent. sterling stock which in September last went down to 43 had risen on March 2nd to about 66 and other securities have also improved. The Secretary of State was able to point the other day with satisfaction to the fact that at the time, of such general economic depression, there was a striking

improvement in the general financial situation of the Government of India and that there were many signs, still uncertain but none the less hopeful, of better times.

The old landmarks are gone and Government are facing conditions for which there are in many respects no parallel. In these circumstances Government have taken such measures as they can fairly ask the country to support, but neither India nor any other country can feel that the position is assured. In India also there is the added difficulty of uncertainty about the political question and threats of civil disobedience directed mainly at impeding the ordinary course of trade, but no account of this feature has been taken in the estimates in the confident hope that ultimately the good sense of the country will prevail. Finally, if only world conditions improve, there is every ground for increasing confidence for the future. Despite the difficulties which remain, it would be hard to find a country in the world whose intrinsic financial position is sounder or whose prospects of economic advance in the future are more bright. (Applause.)

The Council then adjourned till Eleven of the Clock on Tuesday, the 8th March, 1932.

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COUNCIL OF STATE

Tuesday, 8th March, 1932.

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

RESOLUTION *RE* PURCHASE OF ALL DISTRESS GOLD BEING EXPORTED TO FOREIGN COUNTRIES.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan): Sir, I beg to move the following Resolution :

" This Council recommends to the Governor General in Council to take necessary steps for the purchase of all distress gold that is now being exported to foreign countries, for the sake of reserves of the proposed Central Reserve Bank for India."

It was on the 16th of September, Sir, that I moved a Resolution in this House in favour of reversion to the pre-war ratio. The Government then opposed it with its usual stock arguments. Five days later came the announcement of a *fait accompli* that Great Britain having gone off the gold standard, India, which is so often tagged to the chariot wheels of Great Britain in financial matters, had thrown away all rates of exchange. The Government of India had, however, counted without their host. They never knew that their mentor had decided otherwise. The Great Moghul, governing from his place at Whitehall, superseded the Government Ordinance issued here. Things put here in the melting pot were once more shaped in accordance with the requirements of the British situation and the Indian rupee thenceforward was pegged to the highly fluctuating British paper currency, better known as sterling. Indian interests were once more subordinated to British interests.

Sir, it is a general belief of the Indian commercial community that the rupee has saved the sterling ; the former has served as an anchor and the value of the latter has not fallen much more precipitately and sharply than it has actually done, as it got unvarying support at least from one important quarter. Be that as it may, the consequences of our being linked to the depreciated currency of Great Britain have been too plain and obvious in India. The British trade got a fillip in India as it received an extra dose of preference. The prices of goods received in India from non-British countries rose from 25 to 30 per cent. and even higher in certain cases. Stability of prices by which Sir George Schuster's predecessor swore and which was his chief argument in favour of the 18d. ratio was thrown to the winds. Restrictions on exchange were put in many countries in the world as a result of the suspension of the gold standard in Britain and all national Governments took proper and adequate steps to preserve their supplies of gold.

Sir, this is what happened in the case of countries that have got the right of managing their own affairs. Let us now look at the record of a foreign

[Rai Bahadur Lala Jagdish Prasad.]

Government in this country which was also faced with a similar situation. I say it sat dumb looking askance. One important result of the adoption of the policy of linking the rupee to sterling was an award of Imperial preference as above noted, but the other has been an outflow of gold from India to other countries, not her monetary gold which India always takes delight in keeping with others, but gold in the hands of private individuals. At a time when others conserved their supplies of the yellow metal, India afforded to be generous at the expense of her poor masses who sold their savings of a lifetime or more because the economic situation was so acute in the country that there was no alternative.

Sir, no section of the House will dispute the statement that gold is a national asset. Monetary supplies are an actual asset while stock in the hands of private individuals represent potential monetary power. For good or for evil, the people of India have, by habit or by sheer force of circumstances, become used to keeping their small savings hoarded in the forms of precious metals. Frankly, I cannot blame them for this rather uneconomic practice on their part, for the simple reason that the Government has not taken any active steps in this country for the growth of banking or any other easily accessible mobilising institutions with a view to encourage habits of investments among the vast multitude of agriculturists on the countryside. The position, however, is as we find it to-day. Monetary stocks of gold are a visible supply in the world, while those in the hands of private individuals can, at best, be intelligent estimates largely based on guess work. The idea is that even in the latter form gold is serving a very important function of storage of value.

In answer to a question in this House it was stated by the Honourable the Finance Secretary on the 25th February last that the total value of gold exported since the abandonment of the gold standard was over 49 crores; that the distribution from 1st October to 31st December last was as follows: to the United Kingdom, 24.6 crores, and to other countries, 10.8 crores; and that practically all the gold originally consigned from India to England had been re-exported to other countries.

Sir, I submit that gold exports have been regularly and steadily taking place during the last six months although it would appear on Government's own admission as well as from the evidence obtained from other independent sources that Indian supplies have also gone into the usual sink where gold of other countries is going. I admit that the exports of gold have extremely eased the situation as regards the remittance programme of the Government as the Finance Member had been experiencing considerable difficulty in transferring funds from India to Britain through trade channels. Whatever views others outside might hold, I am one of those who believe that in view of the heavy short-term maturing sterling obligations of this country in Britain, the repayment of the loan of £15 million that matured early this year was, on the whole, the wisest step to take. Reborrowing operations might have further told on the credit of India and I have strong suspicions that such a big demand might even have been unsuccessful under the present delicate conditions.

But if I give my qualified support to certain operations or part of operations which have largely served India's interests, I should not be understood to defend the official policy of encouraging gold exports from this country. How long will you go on demanding heavy and still more heavy drafts of blood from a body which has already become anæmic and so devoid of vitality?

Your remittance operations are a recurring phenomenon. To effect adjustments about them by the poor man's blood is not after all a wise policy to adopt. These are, at best, makeshift arrangements.

The possession of gold by an individual represents power in the hands of a community. It is false to suggest that one who parts with his gold gets an equivalent amount of purchasing power. I submit, Sir, that this purchasing power in the form of paper currency of India or in the shape of token coins of silver, is very much less than the potential power of gold. It was an important British economist who said early last year in the columns of a leading financial paper of that country that with £5 worth of gold they could manufacture credit worth a hundred million pounds. Looking at our gold exports from that point of view, Sir, I maintain that by our gold exports of nearly 50 crores we have not gained but very heavily lost purchasing power. Left within the country, that gold was in a position to create a very much larger amount of purchasing power; it would have enabled expansion of credit.

And this brings me to the purpose on account of which I have moved this Resolution this morning, namely, that in our own country we require gold to build up the necessary reserves for the establishment of a Reserve Bank, and the Government should take necessary steps for its purchase in the open market. It has become a fashion of late years to say that the necessary amount of gold is not available for the establishment of a Reserve Bank in India. Look at the irony of fate that we are throwing away our own supplies at this moment which could be conveniently tapped for the requirements of the nation. For the sake of a temporary problematical advantage we are losing sight of the permanent interests of this country.

But my objection is not so much based on the poor man selling his gold, as on India losing it altogether. I plead that the Government of this country should buy it in the open market. I am in favour of an embargo being placed on the export of gold, but my fear is that it will lead to sales of gold to foreign banks in India. They will buy it under conditions of embargo, then work up an agitation for the removal of the embargo and will thereby be in a position to make large fortunes out of the savings of the poor man. I am not inclined to blame the private shroffs of Bombay who facilitate these exports as it is, after all, human nature to work for a business gain. The best course, therefore, to my mind is what I have suggested in this Resolution. But the crux of the question now is: How are the Government to buy this gold? Well, they can buy this gold with those very resources with which they would have effected purchases abroad in normal circumstances. Secondly, they have been disposing of large surplus stocks of silver, and they could certainly divert them to the purchase of gold, instead of sending the white metal to the already glutted market of China. Thirdly, if the Government approaches the question with sympathy and takes prominent people into confidence, it is not improbable that it may successfully raise rupee loans for this purpose from the Indian money market. Finally, I submit that the amount of metallic reserve in the Paper Currency Reserve amounts to 3/4ths of the total issue. Statutory requirements do not necessitate a more than 50 per cent. reserve. It is easy under these circumstances to find out the necessary ways and means to buy this gold on official account once the Government makes up its mind to do so.

I am very sorry, Sir, that the Budget speech of the Honourable the Finance Member made yesterday on the floor of the Legislative Assembly has left me an unrepentant sinner. He would appear to argue that India should play an

[Rai Bahadur Lala Jagdish Prasad.]

international role in bringing about a reduction in the real value of gold as expressed in terms of commodities. He has compared our position to that of France, Belgium, Holland and the United States of America, the only important countries of the world that remain on a gold basis, that have substantially increased their stocks of gold in the year 1931. He compares the Indian position with South Africa and Australia without taking into consideration the fact that these two countries are original producers and consequently exporters of gold and not importers like India. Nothing is more misleading than paragraph 74 of the Finance Member's speech where he has distorted a number of half-truths in a most fantastic fashion in order to show that India should do as others have done or are already doing. I have shown above who those others are who have no sort of restrictions on the exports of gold. These are mostly the very countries that have thrived at the expense of others, these are the people who made hay while the sun shone, they set their houses in order while those of others were burning. To compare the Indian position with theirs is simply ridiculous and moonshine.

The Finance Member has made some important announcements as regards the future of the gold standard in India. He says it is speculation to buy gold now when there is no gold standard. Let him say once for all that India shall not revert to the gold standard. The life of the Indian nation fortunately does not co-terminate with the Finance Ministership of Sir George Schuster. We have to think of our position in the economy of world's trade. Will he declare that Britain does not want to revert to the gold standard in the future?

Then, the Finance Member argues that the Government has to meet its foreign obligations. I have already dealt with this aspect, it is only a temporary advantage by the sacrifice of very much greater advantages in the future. Last year it used to be repeated almost *ad nauseam* that a Reserve Bank could not be accomplished as there were no gold reserves. Now comes the surprising attitude of the Government that we have already got our proper proportion of gold. Perhaps the uninitiated world has still to live to learn and learn more of the mysterious ways of the British Government in relation to India as regards the administration of financial matters. I submit, Sir, that the Finance Member's patched up defence of the Government action is most unconvincing. I definitely maintain that India has not built any external reserves by her exports of gold; on the other hand, she has positively lost a great deal of her private reserves which would have helped in withstanding any monetary storm in the future.

In conclusion, Sir, I appeal to the Honourable Members of this House to reflect public opinion on this all important question. A stitch in time saves nine. If we can show ourselves capable of taking the right decision at this moment, there is no doubt that the scheme for a Reserve Bank will materialise at an early date. World conditions do not promise that the pressure on gold is likely to be less in the near future; on the other hand, competent authorities predict that by 1940 the annual production of the metal might substantially fall. We may have to wait for the Reserve Bank till Doomsday as the necessary reserves will never be forthcoming.

I therefore commend this Resolution to the acceptance of the House.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, though I am afraid I cannot support this

Resolution I welcome it for two reasons. In the first instance, it gives this Council an opportunity of discussing this most important question in isolation from other currency problems treated in the budget; and secondly, it will afford an opportunity to correct some misapprehensions which are prevailing in the country not only among well-informed people but even among politicians of the highest rank and among a large class of business and tradespeople. It is for this reason, Sir, that this Resolution is very opportune at the present juncture. It will help to dispel the wrong impressions which exist regarding the policy of the Government and the vital question involved in the export of gold even amongst educated people like the Honourable Mover. Sir, it is a matter of congratulation to India that England went off the gold standard and India followed suit two days after. Those who know the financial history of the country and those who understand currency and exchange problems will come to the conclusion without the remotest doubt that going off the gold standard by the Government of India has brought to this country within a short spell of five months a remarkable measure of prosperity and strengthening of the financial position. Sir, I will first allude here to a personal explanation. In September last, when the deliberations of the Round Table Conference were proceeding, Mr. Gandhi raised the question at the Round Table Conference and took the Government of India to task for having followed the policy adopted in Great Britain and in going off the gold standard without even consulting our Legislature before adopting such an important course. I was present at that debate. As one of the Governors of the Imperial Bank of India and as one who understood something of finance I could not allow Mr. Gandhi's allegations at the Round Table Conference to go uncontroverted and I joined issue with him there and then and told him that the policy adopted by the Government of India was the right and proper policy, that the policy ushered in by Lord Willingdon was the one policy which could possibly be adopted under the circumstances and that a few months will show whether that policy was right or wrong, and though I was then taken to task by some Indian newspapers and I am very pleased and I have the satisfaction to know that within a period of six months, the good augury which I then predicted has fulfilled all our expectations. In the first instance, there is an erroneous impression in the country between the character of monetary gold and non-monetary gold. Gold which is put in circulation, gold which is used for meeting international obligations in the matter of payments for exports and imports, gold which is utilised for a like and kindred purpose, is regarded as monetary. In this country there are large stocks of non-monetary gold lying idle, not being utilised at all for any purpose. It is kept intact for various reasons according to the ideas of the different communities which possess them. This practice is not only confined to the poor classes of cultivators but also prevails among the affluent and rich communities. During the last 30 years there has been a heavy import of gold into this country. I am now referring only to gold imported for non-monetary purposes, as a store of value. We know from Sir George Schuster's speech delivered yesterday that in the last 30 years gold to the value of Rs. 700 crores has been imported into this country. Where is that gold gone? That gold has not been utilised for monetary purposes, but it has been utilised as a storage of value. The exported quantity represents only a negligible fraction of the gold which has been hoarded in India. But long before the British Government took the administration of the country in their hands, long before the East India Company came into existence and came to India for the purpose of trading, large accumulations of gold existed in this country, and well-informed public opinion, tradespeople, estimate—though there are no exact statistics on the subject—that gold exists in India to-day

[Sir Maneckji Dadabhoy.]

to the value of Rs. 2,000 crores, or 66 crores of tolas. That is the opinion, Sir, of the well-informed tradespeople. But unfortunately a large portion of this gold has been lying absolutely idle in this country. This gold was purchased at a price much below the present price and a part of that gold to the extent of 50 or 52 crores, an infinitesimally small part of the hoarded wealth of India, the hoarded non-monetary gold of India, has come into the market for the purpose of export. And why has it come out for export? The people are the best judges. These people who got their gold at a rate of Rs. 19, Rs. 20 or Rs. 21 a tola, a month ago recovered at least Rs. 30 a tola and even now they are not getting much less than that price. Are these people to be hampered, prevented, from making legitimate profits of the savings which they have made? Does it lie in the mouth of Government or anybody else to tell these people not to make legitimate use of the savings in a very thin year, when they are in distressed circumstances, when they have no money, when they are not able to pay their land revenue to Government? Are they not to utilise their life savings which they accumulated at a small price and which they are now in a position to sell at a much more remunerative price? No Government could ever possibly think of doing this. And what have they done? For selling gold they have got large sums in silver money. My friend Mr. Jagdish Prasad talks of paper currency. They have got large sums of money which they are able to utilise for their domestic purposes and also for the payment of their debts and also for payment of their Government dues. Under these circumstances they are perfectly justified in doing this. My Honourable friend brings this Resolution under the garb of purchasing these hoards of gold for the purpose of establishing the foundations of the Reserve Bank. From the speech that I have heard from him to-day I say that is a mere excuse for condemning the policy of permitting exports. The Reserve Bank was a mere excuse to discuss the subject as he did this morning; the question of ratio, the old hackneyed subject of ratio and the question of Imperial preference he also discussed this morning and I do not propose to give any reply to his observations because they are entirely outside the province of this Resolution. Sir, if India has now removed from its huge storage a partial quantity of its gold, let us see what has been done in America to-day. Only the other day Mr. Hoover, the President, appealed to the public of America to cease hoarding which he says is one of the very serious factors of the present financial and economic depression; and only a few days ago we saw another cablegram from America in which President Hoover promised to release 200 millions worth of solid gold for the purpose of attempting to mobilise for internal purposes large hoards of gold lying with the Federal Reserve Bank which are beyond the statutory gold reserve requirements of the Bank. What is being done by the people of England? Everyone, most of the people of the United Kingdom who had savings in gold, in ornaments, are taking advantage of the high price of gold and selling the same. Even to-day the trophy of a horse race—I saw in yesterday's telegram—in the shape of the Ascot Gold Cup came into the market for the purpose of being sold. This is happening not only here but in all civilised countries to-day; they are taking advantage of the favourable position and selling gold which relieves them of certain immediate necessities and which places them in a favourable monetary position. India does not stand unique in its attempt. My friend has told us that this gold which is going out of India is a power in the hands of our communities and he says we ought not to allow it to be exported from this country. But he forgets that India will continue to sell as long as the present price is maintained; but once the price goes down to Rs. 23 a tola she will start purchasing again. Sir, he recommends

that the Government should buy this gold. Now, I was looking in vain throughout his speech to find out how he proposes that this large quantity of gold should be purchased. He made no suggestion of any kind in his speech or indicated the line of action by which the Government was to find money for this purpose. Did he want Government to borrow money in the present financial crisis, in the present financial catastrophe, with a deficit budget within 18 months of 39 crores? Does he want the Government of India to borrow money for the purpose of purchasing these vast quantities of gold which are being exported? Does he seriously propose that Government should buy gold at such a high price? He has not informed us how it should be purchased. Sir, Sir George Schuster has given a complete answer to my Honourable friend and I do not propose to take up the time of the Council by repeating those arguments; but when gold has been divorced from our currency, from rupee, and linked to sterling, I consider it would be suicidal on the part of the Government if they attempted to purchase gold in these circumstances as it would be nothing short of rank speculation. It would not be justified, it would not be tolerated or supported by the country. It is not possible for Government to buy all that gold because it has heavy external obligations to meet. Further, we do not require at present large quantities of gold for internal purposes. Our Paper Currency Reserve and our Gold Standard Reserve have been already strengthened. Government do not require gold for the purpose of meeting immediately her internal obligations. But it is a godsend that this gold has come out to meet our external obligations. What has happened within a short spell of time? India has been in a position to pay off £15 million of sterling loan without fresh borrowing or without the Government of India coming to the country for the purpose of fresh borrowing or without any extra measure of taxation except that which has been already imposed by the Emergency Finance Bill of last November. We have been able to achieve that gigantic performance, and I feel certain that perhaps there would even be no necessity to borrow the 14 crores which Mr. Brayne mentioned yesterday if the present state of affairs continues and if gold goes on being exported from now up to the month of June. I firmly believe that we shall be in a position to pay off our six million loan of bonds with the export of this precious commodity.

Then my friend made some significant remark regarding not having a sufficient measure of metallic backing. In fact, our gold situation has been improved and our metallic backing has also considerably improved over the previous years. What else has it done? And it must also be remembered that in India we are all longing for change and for improvement. We are all longing for the commodity prices to go up. If gold export continues in this way it will result in a revival in commodity prices and it will cause a general improvement in the position of the cultivating classes. We are all longing to see our staple agricultural products fetching in the market good and reasonable prices and our position improved and brought under parity and level of the position that we experienced in 1929. The most substantial and welcome rise in the value of Government securities has given confidence by an improvement in general trade. Also by the improvement of the economic situation it may help to restore political tranquillity. But it must also be remembered that all our prosperity will not depend on local action and local enterprise and sacrifice. We are bound up with the international situation to-day and this country cannot possibly improve extensively unless the other countries of the world improve. And what has happened practically? This 52 crores of rupees of gold has gone to England and though directly benefiting India has indirectly helped the United Kingdom to pay off partly the debt of £75 million which she

[Sir Maneckji Dadabhoy.]

contracted a few months ago from America and France. In return her statesmen have with gratitude acknowledged the service which India has indirectly done to that country and it is this position, Sir, which makes me think that if this policy continues and I have a great deal of faith and confidence, Sir, in the sound judgment of the people at large, economists may fall into error, business people may get into traps laid for them by designing financiers, but the villagers and the general public are sound to the core and they are the best judges of the financial situation of the country. I have not the slightest doubt, Sir, that Honourable Member must have noticed—so far as India is concerned—the welcome rise in her internal securities. Three months ago most of our Government of India securities were standing at a low level. To-day a healthy feeling has been engendered. The $3\frac{1}{2}$ per cent. security has risen by many points and it is one of the happiest features of this policy.

There are many other points on which I would like to touch to convince Honourable Members, but the time at my disposal does not permit of it and I will only hope that, if they have the real interests and the welfare of India at heart and if they love this country, they will not allow a short-sighted policy to interfere with what is going on in the country to the advantage of its people.

THE HONOURABLE MR. H. M. MEHTA (Bombay : Non-Muhammadan) : Sir, I cannot support the Resolution which my friend has moved in this House for very many solid reasons. The day England went off the gold standard, the price of gold began to rise in this country. Before that, gold was imported at a price between Rs. 19 and Rs. 21 per tola. In less than two or three days the price rose to Rs. 25 or Rs. 26 and as the days rolled on, in less than a fortnight it came to about Rs. 29 and Rs. 30. My Honourable friend in the Resolution has said that it was distress gold. I cannot imagine for one solitary moment that the ryots were so clever as to think and determine within a week or a fortnight and come forward to sell their gold. It was quite the contrary for it was the very rich financiers, some of the banking communities like the Marwaris and Gujarati Hindus and many other zemindars in the Indian States who had hoarded this gold for love of the gold itself, it was they who thought that it was a golden opportunity that had come to them—that is to say, from Rs. 20 they could sell at Rs. 29 or Rs. 30 and make a profit of 40 to 50 per cent. They profited by the opportunity and I congratulate them on their good sense in taking that opportunity in their hands. But to say that distress gold came forward in less than a fortnight or a month ! I am sorry I cannot agree with the Mover of this Resolution.

Then, Sir, Government did not dream for one moment that the people of India would come out to sell their hoards of gold. They did not anticipate that the gold would come out either from the hoarders or the people who are in distressed circumstances. It came out as a natural flow and if 50 crores of gold went out of this country, just imagine what was the real value of that gold. It was only 35 crores because the gold was bought at an average of Rs. 19 to Rs. 20 and therefore when the 50 crores went out, it was made up of 35 crores in real value and 15 crores in profit. Well, that 50 crores in cash came into the country and is now circulating in India. That metal was lying idle like a piece of furniture—you may call it valuable furniture—not realising a single penny. Now this 50 crores is circulating in the country bearing some interest, 5 or 6 per cent. or if used for commercial purposes perhaps even more. But what has really happened since ? Soon after the gold exports were made we all know that the cotton which was selling at Rs. 140 a

candy gradually rose to Rs. 230—a difference of Rs. 90 per candy or a 65 per cent. rise during these last few months. Wheat, which was standing at the price of Rs. 1-8-0 rose to Rs. 2-9-0 and Rs. 2-12-0, thus securing a 60 per cent. rise in that commodity. The money which came in by this sale of gold, say, 50 crores had to be invested, the people thought that the things which were lying at the lowest price at the time were the bargains to purchase. They purchased them and eventually the price went on rising and it must have brought huge profits both to the middlemen as well as to the cultivators and the ryots of the soil.

The second part of the Resolution of my Honourable friend is to buy gold for the purposes of a Central Reserve Bank for India which no one knows when it is going to come. Whether in a year or two years or five years nobody can determine. Where has Government got the money to buy all that Rs. 50 crores worth of gold ? Even if they had, will my Honourable friend say that it is advisable to buy at Rs. 29 or Rs. 30 a tola when in normal times you can buy at Rs. 21 ? Another point. When England went off the gold standard, its connection with the dollar came to as low as 3-36. Now, it is gradually rising and according to to-day's telegram it is 3-52. As the exchange rises the price of gold must eventually fall and there is every indication that the exchange will rise further and further, and if that be the case, the price of gold will go down and may reach the normal level before the Central Bank is started. With these few remarks, Sir, I oppose the Resolution.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary) : Sir, my Honourable friends Sir Maneckji Dadabhoy and Mr. Mehta have so ably and thoroughly covered all the arguments against this Resolution that there is very little for me to add. I would only emphasise one or two points. I presume that when the Reserve Bank does come into being, it will be constituted, at least so far as its financial foundation goes, more or less on the same lines as was devised for it in Sir Basil Blackett's Reserve Bank Bill of 1926. According to that Bill, the minimum gold holdings were to be Rs. 30 crores. The Bill also provided for progressive addition to the gold backing of the note issue, but only to a fairly moderate extent. That is to say, at the end of five years, the minimum was to be only $\frac{1}{5}$ th of the total note issue. Now, assuming that it were desired to establish the Reserve Bank to-morrow, what would be the position ? The total note issue to-day is Rs. 180 crores. In addition it will be necessary for the Bank to provide for liabilities of about Rs. 40 crores as recommended by the Currency Commission for rupee redemption ; that is to say, the liabilities will be a total of Rs. 220 crores. Against that there is Rs. 44 crores worth of gold at the old parity rate already in the Paper Currency and Gold Standard Reserve, just $\frac{1}{5}$ th of the liabilities that would arise if the Reserve Bank was established to-morrow, though the Reserve Bank Bill provided only for $\frac{1}{5}$ th at the end of five years. Thus the Government are already in a very strong position as regards its gold holdings. What is wanted now is not more gold, but more sterling securities which would yield interest to Government and would provide interest for working the Bank when it is established. As both my Honourable friends have pointed out, purchase of gold at the present time would be an extremely speculative measure. With more than half the world off the gold standard, no one knows what may happen to gold. It is one of the canons of financial propriety that Government should use the tax-payer's money in the same way as a prudent man would use his own and I would ask my Honourable friend whether at the present time he would care to turn all his fortune into gold at present prices. Nor is there any danger of the gold in the country being materially depleted

[Mr. A. F. L. Brayne.]

by exports, because, as has already been said, there has been something like Rs. 700 crores of gold absorbed by the country in the last 30 years and that can only be an absolutely small fraction of the amount that has come into the country in the last 2,000 years since the Roman historian Pliny pointed to the remarkable absorption of gold by India. As Mr. Mehta has pointed out, to call the gold "distress" gold is rather begging the question. It is undoubtedly the present high price of gold that has led to this very large export. Even if economic conditions are difficult, the small cultivator has still his small holdings to fall back upon. I think it is extremely lucky for him that gold imported at Rs. 19 to Rs. 21 a tola has now risen to Rs. 29 and that he should be able to realise his store of savings at such a profit. Government therefore consider that the present position is an extremely favourable one and see no justification for disturbing it. I would therefore ask the House to reject the Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, the matter which I want to put before the House in connection with this Resolution is that every person, whether he is poor or rich, must have a reserve as a standby to meet his needs in the time of difficulties. In Punjab the masses hoarded up silver as their capital reserve behind them. Unfortunately, because the fluctuations in the price of silver have been violent, the price varies very heavily, and has been by even 54 per cent. some time back. The result was that the capital of the poor masses which they accumulated to stand by them in times of difficulty was reduced by the exchange and currency policy of the Government by 54 per cent. Those people, realising the violent fluctuations in the price of silver, began to reserve their money in gold, as the fluctuations in gold were not so violent and therefore the chances of loss were not so great. Now, Sir, the time has come when owing to grave economic distress and unprecedented and heavy taxation the masses cannot meet their living expenses and the result is that they have to fall back on their reserves. These reserves are being practically wiped out now, and the result will be that when the economic depression still increases, as there is every chance of its doing so, the plight of the masses will be extremely miserable. Sir, my Honourable friend, Sir Maneckji Dadabhoy, while making certain observations, said that the policy which the Government has adopted has been in the interest of India.

THE HONOURABLE SIR MANECKJI DADABHOY: Government has adopted no policy. It is the people's policy.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: The policy of the Government in allowing the flight of gold?

THE HONOURABLE MR. H. M. MEHTA: They have not adopted any such policy. It is voluntary flight.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: My Honourable friend seems to be misunderstanding what I am saying. What I am saying is that the policy of the Government has been to allow unfettered the flight of gold from India. It comes indirectly to the same thing. In my opinion there ought to have been an Ordinance stopping the flight.

THE HONOURABLE MR. H. M. MEHTA: Government is not taking any interest in its export. Why should it? If Government had checked the export of certain commodities, how will this House take it?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: This House will take it with pleasure as far as my opinion is concerned.

Sir, I want to quote the recommendation of the Indian Currency Commission of which my Honourable friend Sir Maneckji Dadabhoy was a member. In paragraph 25 of the Royal Commission on Indian Currency and Finance Report (1926) they have observed:

"By an appropriate structure built on this foundation, the Indian system might be developed into a perfected sterling exchange standard, both automatic and elastic in its contraction and expansion, and efficient to secure stability. Such a system would involve the least possible holding of metallic reserves, and would also be the most economical from the standpoint of the Indian tax-payer. But the system would have grave defects. The silver currency would still be subject to the threat implied in a rise in the price of silver. Were sterling once more to be divorced from gold, the rupee, being linked to sterling, would suffer a similar divorce. Should sterling become heavily depreciated, Indian prices would have to follow sterling prices to whatever heights the latter might soar or, in the alternative, India would have to absorb some portion of such rise by raising her exchange. India has had experience of both these alternatives and the evils resulting from them are fresh in her memory. We do not indeed regard the possibility of sterling again becoming divorced from gold as of much practical likelihood; it is unlikely to happen except in a world-wide catastrophe that would upset almost all currency systems. Nevertheless there is here a danger to be guarded against, which is real, however remote. There is undoubted disadvantage for India in dependence on the currency system of a single country however stable and firmly linked to gold. For these reasons, were the standard of India to be an exchange standard, it should undoubtedly be a gold exchange standard, and not a sterling exchange standard."

This was, Sir, the observation of the Royal Commission on Currency and Finance. Now, Sir, this recommendation has been ignored. Even in America which is at present the richest country in the world.....(The Honourable Mr. H. M. Mehta: Who says?)......because that is the creditor country even of the biggest nations of the world. As there was an outflow of 10 crore pounds of gold from the United States its Federal Reserve Bank had to raise its rediscount rate from 2½ to 3½ per cent. in order to stop the flight of gold from the United States. Sir, this is a question in which I feel a great deal and my feeling is shared by the people at large who have from time to time given expression to their opinion in the press and on the platform. I fear that in case the masses are completely deprived of their holdings in gold they will be in great distress when the present economic depression decreases they will not be able to re-buy gold, as gold prices will be very high and beyond their means.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal: Nominated Non-Official): Sir, the matter has been thrashed out by the speakers who have preceded me very thoroughly and I have not very many arguments to put forward to oppose this Resolution. Sir, I admit that I am neither a Governor of the Imperial Bank of India nor a Bombay business man, nor even a man who is in charge of the Finance Department of the Government of India, but I am a mere student of finance and a very amateur student at that. But what I find in all these matters is that every one of us has our pet theories. We always think that one thing may happen and another thing may not happen; everything is speculation in this matter. So, whatever may be the outcome of this flight of gold I am almost sure that nobody knows what the real effect of it would be until the effect ensues. We always get wise after the event and therefore

12 NOON.

[Mr. Bijay Kumar Basu.]

this Council will be well advised if they preserve the *status quo* and vote down this Resolution.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, the usual stock arguments have been trotted out by those Honourable Members who have thought it fit to oppose my Resolution. I had expected that the Government would realise that the temporary advantages accruing from the outflow of gold from India were far outweighed by the permanent injury that is being caused thereby to the economic life of the country. But it seems that I was hoping against hope. My Honourable friend Sir Maneckji Dadabhoy in the course of his speech asked why the Indian masses should be prevented by Government from making profits by the sales of their stored gold. But perhaps my Honourable friend forgot that what I advocate in my Resolution is that the Government should purchase all this distress gold: so that if the Government purchased this gold the question of the poor people being deprived of their profits hardly arises. Then, my Honourable friend observed that I had made no suggestions to Government as to the resources with which they should manage to purchase these vast quantities of gold. Perhaps my friend did not hear me when I suggested a number of sources that could be tapped for this purpose. And some of them were as follows: Government was disposing of large surplus stocks of silver and I failed to understand why they could not be diverted to the purchase of gold instead of being sent to the already glutted market of China.

Then, Sir, I stated that the amount of metallic reserve in the Paper Currency Reserve amounted to $\frac{3}{4}$ ths of the total issue, whereas the statutory requirements did not necessitate more than a 50 per cent. reserve. I fail to understand why this balance cannot be utilized for the purchase of gold by the Government of India. My Honourable friend the Finance Secretary has, I am afraid, advanced no arguments worth the name in opposing my Resolution but has only counted upon those non-official Members who spoke against it. Therefore I need scarcely say anything in reply to his speech. To me it seems that if the Government do not want to do a certain thing a number of difficulties are put forward as standing in the way of their doing it, but once they make up their mind to do a thing all difficulties disappear. The Honourable the Finance Secretary has not indicated in his speech whether the Government have an idea of starting a Reserve Bank in the near future. If they have, may I ask how they propose to build up reserves therefor failing the suggested purchase by the Government of this distress gold? Simply to say to-day that Government have already their proper proportion of gold while only till yesterday such a claim was being denied will not, I am afraid, convince anybody. And if the Government do not propose to establish the Bank in the near future let them say so candidly in so many words. It will not do to shirk the issue in a mysterious manner.

Sir, in spite of the learned arguments advanced by some of my Honourable friends here against my Resolution I remain unconvinced. I maintain that the larger interests of India demand that the flight of gold should be checked and that it is high time that the Government bought this gold for the sake of reserves of the proposed Reserve Bank. If the Government and some of my Honourable friends have no faith in the proposition to-day I am sure the future will show whether the Government and they are right or whether that section of Indian publicists which demands the course of action recommended in my Resolution is right.

THE HONOURABLE THE PRESIDENT: The question is:

"That this Council recommends to the Governor General in Council to take necessary steps for the purchase of all distress gold that is now being exported to foreign countries for the sake of reserves of the proposed Central Reserve Bank for India."

The Council divided:

AYES—2.

Jagdish Prasad, The Honourable Rai Bahadur Lala.

Ram Saran Das, The Honourable Rai Bahadur Lala.

NOES—30.

Basu, The Honourable Mr. Bijay Kumar.
Bhonsle, The Honourable Raja Laxmanrao.
Brayne, The Honourable Mr. A. F. L.
Browne, The Honourable Sir Philip.
Charanjit Singh, The Honourable Sardar.
Chetti, The Honourable Diwan Bahadur G. Narayanaswami.
Chimman Lal, The Honourable Rai Bahadur Lala.
Commander-in-Chief, His Excellency the.
Dadabhoy, The Honourable Sir Maneckji.
Devadoss, The Honourable Sir David.
Drake, The Honourable Mr. J. C. B.
Emerson, The Honourable Mr. H. W.
Fazl-i-Husain, The Honourable Khan Bahadur, Mian Sir.
Ghosal, The Honourable Mr. Jyotsnanath.
Harper, The Honourable Mr. K. B.
Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.

Jalan, The Honourable Rai Bahadur Radha Krishna.
Megaw, The Honourable Major-General J. W. D.
Mehr Shah, The Honourable Nawab Sahibzada Sir Sayad Mohamad.
Mehta, The Honourable Mr. H. M.
Mitter, The Honourable Sir Brojendra.
Moti Chand, The Honourable Raja Sir.
Murphy, The Honourable Mr. P. W.
Noon, The Honourable Nawab Malik Mohammad Hayat Khan.
Padshah Sahib Bahadur, The Honourable Saiyed Mohamed.
Pandit, The Honourable Sardar Shri Jagannath Maharaj.
Sethna, The Honourable Sir Phiroze.
Shillidy, The Honourable Mr. J. A.
Suhrawardy, The Honourable Mr. Mahmood.
Thompson, The Honourable Sir John.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The Honourable Member did not seem to have had very good ground for his claim to divide the House on his Resolution.

RESOLUTION RE MURAL DECORATIONS BY INDIAN ARTISTS TO GOVERNMENT BUILDINGS AT NEW DELHI AND INDIA HOUSE, LONDON.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay: Non-Muhammadan): Sir, the Resolution which I have now the honour to move is as follows:

"This Council recommends to the Governor General in Council that if the work of mural decorations already done by Indian artists and students of Indian art schools in the Secretariat at New Delhi is satisfactory then their services as soon as funds permit be availed of for additional work of the same kind not only in the Secretariat but also in other public buildings in New Delhi and likewise in India House, London."

Those Honourable Members of this Council who have been serving on it for more than eight years will recollect that as far back as February, 1924, I had moved a Resolution in regard to mural paintings in Government buildings at

[Sir Phiroze Sethna.]

Raisina, the name by which New Delhi was known at that time. That Resolution was as follows :

"This Council recommends to the Governor General in Council that if and when the work of mural paintings in the buildings at Raisina, including the Government House and the Secretariat, is taken in hand, the same be entrusted to Indian artists and preferably to the Bombay School of Arts".

An amendment was proposed by the Honourable Mr. Ley, the then Secretary of the Department concerned. He wished to substitute for the words "and preferably the Bombay School of Arts" the following :

"if the requisite talent can be found in India, and that Government should consider the possibility of utilising the service of art students selected from the schools of art already existing in India."

From the wording of this amendment it was quite apparent that Government had grave doubts as to the capacity of Indian artists to be able to do this work satisfactorily. The Government amendment was carried on a division. I found myself in a minority on that occasion. Looking back to-day I feel strongly disposed to congratulate myself and the twelve Honourable Members who voted with me that we did form the minority. There is indeed much consolation when one is able to prove the correctness of the principle he has advocated for a long time past by referring any sceptics to the concrete and indisputable evidence of facts. We who formed the minority on that occasion are naturally delighted to find ourselves in that enviable position to-day. For to-day after the evidence of the good work done by Indian artists and art students on the walls of the new Secretariat I do not stand here as a suppliant pleading before the tribunal of this Council for opportunities for Indian artists and art schools to participate in the benefits of State patronage and laying before Honourable Members any anxious deductions and inferences to try if by any means it were possible to convince them of the artistic value of their work. My position to-day is in direct contrast to what was the case in 1924. The success of our proposals, now that these have actually been put to the acid test of definite experiment, is such that we may be pardoned for exclaiming : "We told you so !"

New Delhi offers a wonderful opportunity, indeed the greatest opportunity, for Indian artists which has arisen since the Moghul times. As to the very great importance of art to India there was a time when it was quite the fashion, to decry its importance in this country and the value of our artists' work was greatly underrated. In fact Honourable Members will be surprised to know if they are not already aware that in the former editions of the *Encyclopædia Britannica* up to at least its 8th edition there was to be found in the article on Painting such an absolutely incorrect statement as follows :

"With respect to the painting of the Phœnicians, Persians, Indians and Chinese it was in the earlier stages and has ever since been miserable and wretched. Although the Indians and Persians have always been celebrated for their tapestry yet it is more for the excellence of the material than purity of their designs. But their utter ignorance of the naked figure, their long barbarous and cumbersome garments and their want of science are so grossly palpable that they have never been and never will be referred to by any nation as an authority in design".

Honourable Members will be equally surprised to know that those remarks have disappeared altogether from the later editions of the *Encyclopædia* without any explanation whatsoever.

Fortunately people are now beginning to realise that one of India's greatest assets for the world lies in her neglected arts and crafts. Public opinion is undoubtedly strongly aroused on this subject. It was therefore a good thing that in Bombay public opinion supported the request of its School of Art to be allowed to participate in decorating New Delhi and that Indian artists should be employed on its mural paintings. The Bombay School of Art has so far borne the brunt of the battle for the recognition of Indian art and again it is the largest, the oldest and has the most advanced courses of training in painting, modelling and architecture of any art school in India to-day as its syllabus in comparison with others will show. Moreover the Bombay School of Art attracts students from all over India and not by any means only from the Bombay Presidency. It was this School which first put forward through its Principal in 1921 an official request that when mural paintings were executed upon the new Government buildings then in course of erection the work should be entrusted to Indian artists. Bombay anticipated a long time previous the fact that mural paintings would be required for public buildings of New Delhi. Thanks to the effort of the then Governor of Bombay, Sir George Lloyd, now Lord Lloyd, a class for the study of mural paintings was founded. This was a logical continuation of the work of studying the mural paintings in the Ajanta Caves which was begun by the Bombay School of Art under its then Principal Mr. Griffiths in 1872 and continued for 11 years. The class of mural painting founded in 1920 was, however, not for the purpose of copying but for original work. There was nothing new in the idea of Indian artists painting mural decorations upon public buildings. The idea itself was of course a great deal older than the Ajanta Caves themselves. The novelty of the class of mural painting lay in the fact of the application of the hereditary talent of Indian students for art to an original constructive effort after such efforts had fallen into what seemed hopeless disuse for many years. Proper facilities for advanced training for Indian students by means of organised classes and the class of mural painting were installed in the Bombay School in 1920.

I have briefly outlined what has been done to make the Bombay School of Art an art school in order to show that it is capable of ranking alongside the best institutions of similar kinds in Europe, for I am not one of those who think that art education in India must be radically different to what it is in Europe. I believe that it is essential to provide our students here with full facilities of training which at present they have to go to Europe to obtain. I may be optimistic, but I can envisage a time when an Indian degree in art will carry an Indian student as far as the A. R. C. A. certificate of South Kensington, or any other degree in the art schools of Europe. For this purpose, I mean if the art schools of India are to be enabled to maintain this high standard of higher art education, there must be patronage. I am very sorry that the Prize of Delhi scheme has apparently been dropped by the Government of India since they published their note approving of the scheme in 1925. That scheme would have provided the selected students of our Indian art schools with post-graduate courses in art at a central institution in India. I feel sure that sooner or later something of that kind will have to be done if first class schools of art are to be maintained in India. However, the Resolution which I have the honour to move, deals with the immediate question of patronage, which is an absolute necessity for our Indian schools of art.

In Committee Room "A" of the new Secretariat buildings Honourable Members will see the results of the beginnings made on the lines I suggested in 1924 by the Government of India. Nothing could be more encouraging to an Indian whose pride in Indian art of the past does not blind him to the pressing

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necessities of the present than to see the decorations of Indian artists as well as of our young students on the dome and walls of the new Secretariat buildings. I will not labour this point. There is no need for me to do so for the work itself pleads eloquently for national support for these talented young men.

I am aware that a scheme external to India has been put into force since last I spoke on this subject. I allude to the mural paintings at India House recently executed by four Indian students of South Kensington. Indeed, the High Commissioner for India has given us a glowing description in his recent speech at India House of the work of these students and the results of their training in Europe. I too have seen their work and I also heartily congratulate them on the results. But, however successful the work may have been, the point I wish the Government of India to bear in mind is that as charity begins at home, it is more important for India to see training and production in art placed on a firm and stable basis in India, than see Indian students go to Europe to acquire training and patronage. And therefore I earnestly hope that all Honourable Members, official and non-official, will support my Resolution to-day as the very least that can be done to encourage the reawakened aspirations of this country in the field of art. I would add that the official report which the public in Bombay have naturally been waiting for eagerly since the mural paintings were executed in the new Secretariat buildings in 1929, ought to be issued without further delay by the Government of India. For I presume that these paintings are equally as important as the newer scheme of work just concluded at India House which, as I have mentioned, has been fully reported on by Sir Bupendra Nath Mitra.

It is by no means necessary that the men selected should have had any training in the Royal Kensington School of Art in regard to mural painting. On the contrary, it is considered by some a disadvantage because after his training here the Indian student can only produce something hybrid in this kind of painting because of the influence on him from what he may have picked up in the Kensington School. In the Secretariat at New Delhi there is also work done by an Indian artist by name Mr. Fyze Rahmin. From his public utterances and writings he would have us believe that he is in a class by himself though responsible critics appear to think otherwise. I am by no means competent to enter into such controversy and compare his work with that of his brother artists and of the art students in the Secretariat. I have mentioned Mr. Rahmin because he has not a good word to say of the Bombay School where he has himself had his early training and yet in an interview which he gave to the Press he even observed that :

"the Government of India or rather the High Commissioner in London has put in a scheme of educating Indian students in England".

Mr. Rahmin goes on to say :

"by this a deliberate attempt has been made to destroy what little work is done in India to promote the interests of Indian art on traditional lines".

Whilst I may generally disagree with Mr. Rahmin I am in agreement with him in his disapproval of the scheme if he means thereby that Indian art students who were sent to do mural painting at the India House did not require to be educated in painting in England.

Honourable Members may possibly be of opinion that I have dwelt at considerable length on the work of the Indian art schools, i.e., the work of students, and have not dilated sufficiently on the work of the professional

artists—whose mural paintings now adorn some of the domes and walls of the Imperial Secretariat buildings of New Delhi. I may assure Honourable Members that this is not because I am indifferent to the value or significance of several of these paintings, which are the more interesting because they are painted in different styles. The point, however, which I particularly wish to emphasise, is that the students are the means to the end. The art schools of India must either have an outlet for "higher art" or they will lose their *raison d'être* and be compelled to yield to the pressure of the pessimists who would convert these and have converted some of them into technical schools although they may retain the names of "art schools." I know Indian finances are at present in the doldrums but we may well expect to be out of the wood before very long and even when that is so my Resolution does not commit Government to anything definite. At the best it is a recommendatory motion and ought therefore to prove acceptable to the House including the Government Benches. If the Resolution passes it may be quoted hereafter as the considered wish of this Council and prove a help in the matter of asking Government at the proper time to encourage Indian artists and art students in the manner indicated.

Sir, I move the Resolution.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, I rise to support the Resolution of our Honourable friend Sir Phiroze Sethna whole-heartedly and with no mental reservation at all. But, Sir,—there is a but in the matter, call it big or small, there is no escape out of it—when I find that the Honourable the Mover of the Resolution says :

"that if the work of mural decorations already done by Indian artists and students of Indian art schools in the Secretariat at New Delhi is satisfactory then their services, as soon as funds permit, be availed of for additional work of the same kind, etc.".

Sir, when the question of mural painting has been reopened by our Honourable friend Sir Phiroze, I think, it will not be out of place to make a few observations on the subject and how the mural decorations came to be done at the Viceroy's House and in the Secretariat buildings by a certain section of the School of Art which is neither Indian nor modern but a queer amalgam and which, I dare say—coming as I do from Bengal, which is famous for the revival and renaissance of Indian art—has not been able to win that amount of admiration and encomium that was expected of it. It was indeed most unfortunate that Sir Bupendra Nath Mitra under whose Department was this matter of mural decorations, did not ask for the opinions of the expert artists of all the provinces of India—not to speak of those of his own province wherein we find men like Mr. Nandalal Bose, one of the greatest living Indian artists of Tagore's school, whose reputation extends far and wide as an authority on fresco and Dr. Abanindranath Tagore, the founder of the Indian School of Art in India and Professor of Fine Art in the University of Calcutta. Perhaps, Sir Bupendra Nath being a Bengali thought that if the views of distinguished artists like Dr. Abanindranath Tagore and Mr. Nandalal Bose of Poet Tagore's school and of Mr. Asit Kumar Haldar of the Lucknow School of Art and of others of Bengal only were asked for, invited artists of other provinces might think that Sir Bupendra Nath was showing favouritism to his own people, and for that reason was this task of selecting the artists for mural paintings entrusted to Sir John Marshall who chose the school of Western India for the purpose. Sir, may I crave the indulgence of your goodself and as well as of this Honourable body to ask why the claims of the Bengali artists

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were totally ignored and thrown into the cold shade of neglect? Bengal could not get a chance to disclose her talents, perhaps owing to propaganda or provincial rivalry. When it was a matter of all-India, there ought to have been a conference of the artists of repute and their opinions sought for but a particular school stole a march over other provinces by manœuvring and propaganda. Sir, how can one brush aside Bengal from the world of fine art when the Bengal School of Art stands supreme, nay, as a distinct class by itself in India, as the exponent of Indian art? But if one looks at the mural decorations at the Viceroy's House and in the Secretariat buildings, and enquires by whom those were performed, he will be told that in the whole of India, only one school of artists and that is of Bombay, which could give such a display of their brushes! This is a matter to which I would like to draw your pointed attention, Sir, although I do not like to confine my remarks to this issue only. Meaning no disrespect to our Honourable friend Sir Phiroze and not attempting to cast any reflection on any class of artists belonging to the *urbs prima in Indis*, I should like to put up before you and the House, the case of Bengal for your valued opinion and judgment. It would appear, from the manner in which this matter of selecting artists for mural decorations has been handled in the past, that Bengal's position in the field of such art is no where. And why, Sir? Because Bengal was not given any chance or scope. We, as Members of this House, are entitled to pass our opinion on the works done by the pupils of Captain Gladstone Solomon of Bombay; and by Messrs. Fyze Rahmin, Dhurandhar and Fernandez whether their mural decorations have been satisfactory or not. To be a critic of art one must understand something of art and although I do not think myself to be an *Al connoisseur* of art, I do not see the works of artists with the eyes of a superficial observer. My Honourable friend has in his Resolution said that "*if the work of mural decorations is satisfactory* * * *". Now, the question is who are to pronounce their opinion on such a delicate matter? Government have no expert or experts who can do that safely without being subjected to criticism by others. Although some of my artist friends like Mr. Sarada Charan Ukil than whom Northern India can not boast of a better artist and whose works have been highly spoken of at a recent exhibition in London and which too were noticed by Reuter's and Mr. Baroda Ch. Ukil, Editor of *Rupalakha*, the only English monthly in Northern India solely devoted to art, do not approve of the mural decorations that one finds here, saying that they were not what they should have been. Government may declare otherwise and say that they are satisfied. In that case, Sir, the Resolution of our Honourable friend must be accepted by this House even in spite of our general cry for economy. In this connection, I should like to say only one word about economy. Sir, we are trying to economise our expenses in everything as far as possible without impairing the efficiency of administration but sometimes we economise our expenses in those departments where economy is hardly necessary or where economy may badly affect the work of administration. And we are so much enamoured of economy in these days that we do not hesitate to economise even truth. And as too much of anything is good for nothing, I may point out here that money may be found by cutting down the top-heavy branches of expenditure to make provision for the proposed decorations. In ancient times in India, Sir, it was the Government and the monarchs that used to honour and maintain the artists. And who would honour them, who would reward them, recompense them and maintain them if not the present Government of India who can truly appreciate the worth and merit of the artists.

What is life? What is this material world and what is this immutable law of nature—this struggle for existence, Sir, if there is no art, no intellectual feast and no aesthetic culture in this world, to cater for our comfort, joy and pleasures of life? Sir, "man does not live by bread alone", as we find in the Holy Bible; so men cannot live by talking about sordid mundane things alone, by holding discourses on abstruse philosophical subjects alone or thinking of gold and silver, police administration, law and order, repression and civil disobedience alone, but by the words that emanate from the works of the artists that have a peculiar language of their own to tell their own tales which we appreciate, realise and feel in our heart of hearts. I understand, Sir, this is neither the place nor the occasion for me to dilate on the "meaning of Art" which has been explained by the Poet Laureate of Asia, Dr. Tagore, in his inimitable style. What I would like to emphasise here that let this Resolution of my Honourable friend Sir Phiroze be not thrown out by the House in the name of economy when huge sums are being spent by Government in other directions where we have no voice at all, but passed by the Honourable Members and Government be asked to sanction the required money to start the work forthwith.

Sir, one word more and I have done. I know, the Resolution once accepted by this House must be given effect to and the beginning will be made in no time. Now, in the matter of selecting the artists for the additional work of the kind mentioned in the Resolution, the claims of the Bengali artists should not be superseded or ignored by Government. A committee of experts should be formed for the purpose and Government should go by the opinion of this Committee and not by their own former decision according to which, only a particular school was favoured by them and whose mural decorations done on canvas instead of directly on the wall neither extort *eulogia* from those who understand a bit of art nor bring reputation to the artists themselves. Sir, I think our Honourable friend Sir Phiroze, as well as the other Members of this House know, that out of a competition among nearly 180 candidates, four artists were selected to execute the work of mural decorations in the India House, London, and my heart swells with pride to say that those four artists were all Bengalees. Mind, Sir, they were all selected by competition and not by any propaganda or by the hush-hush policy of the postern gate. The works of those four young artists—Messrs. Ranada Charan Ukil, Sudhansu Roy Choudhury, Lalit Sen and Dhiren Burman—were spoken of in glowing terms by an artist of such international repute as Mr. Rothentien and they are coming back to India with mantles of glories on their heads. If those four young brainy Bengalees could do the decorations to the entire satisfaction of the authorities in London, it is only a humble demand on my part, as well as on the part of the Bengal group of Members of this House when I voice their feelings, that their cases should be given due and serious consideration by Government. Sir, Bengal does not want any preference but what she wants is that her artist sons, specially those who are returning home after finishing their works in London, should be given the first chance in this matter to prove their worth and merit. I can vouch for the fact, Sir, that there was no competition among the provinces and no asking of any opinion from the expert artists of India about the work of mural decorations already done by Indian artists in the Secretariat at New Delhi referred to in the Resolution. Lastly, I would most fervently appeal to the Treasury Bench to accept this Resolution and ask my Honourable friend Sir Phiroze not to misunderstand me, for, whatever I may have said about the way in which the orders for those mural decorations were secured by the artists of Bombay, I am supporting his Resolution with all my heart and with no mental reservation whatsoever, and hope that it

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will be accepted by this House and that Bengal would have her due share in the execution of work and meed of praise for the same.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to support the Resolution so ably moved by my Honourable friend Sir Phiroze Sethna and as enough has been said on the question I do not want to detain the House much longer. My friend the Honourable Mr. Banerjee has also supported the object underlying the Resolution but has observed that in this matter the claims of artists in Bengal should not be ignored. Sir, fine art should be preserved and the artists who are an asset to the nation ought not to be allowed to be wiped out.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary) : Sir, I should at the outset like to express my gratitude to the Honourable Sir Phiroze Sethna for being kind enough to let me know in advance the lines on which he was going to argue his case. It has made my task very much easier. I would like to say also that I rejoiced my heart to hear the enthusiastic defence of a Bombay institution. As a Bombay man, if I might express my personal opinion, I would like to say that all good things in India come from Bombay. We can hardly expect more backward places, such as the Punjab, Bengal, Madras, to admit that proposition. It is asking them a little bit too much to rise above their parochial prejudices and concede the supremacy of Bombay. In fact, we have had a strenuous protest from the Honourable Mr. Banerjee claiming and putting forward the rights of Bengal to be represented in the next instalment of the work of decoration. I would however just like to point out to the Honourable Mr. Banerjee that he is wrong in saying that Bengal artists were not considered. The reason why the Bengal artists got no part in the work in the Secretariat was because they did not compete. On the next occasion when we had to get work done, that is in connection with India House, Bengal artists did compete and the four artists who were engaged were all Bengalees. I just make that statement in order to show that so far as Government is concerned it has no leanings or prejudices either way.

Sir, I regret that I am unable to accept this Resolution as it stands and I will give the reasons why I am so unable, but I trust that in view of what I am able to say about the policy of the Government in this matter the Honourable Member will be able to see his way to withdraw his Resolution.

Sir, what are the actual facts? The actual facts are—to put them as briefly as possible—that we called for competitors for this work of decorating certain rooms and domes in the Secretariat. As the result of that competition the work was allotted to the Bombay School of Art and the Lahore School of Art. Mr. Durandhar, Mr. Fernandez, Mr. Nagarkar, Mr. Fyzee and Mr. R. D. Siodhia. With the exception of the Lahore School of Art, all those artists came from Bombay. Therefore, Sir, I would ask the House to look at the wording of this Resolution very carefully :

“This Council recommends to the Governor General in Council that if the work of mural decorations already done by Indian artists and students of Indian art schools in the Secretariat at New Delhi is satisfactory, then their services, as soon as funds permit, be availed of for additional work, etc.”.

In other words, what this Resolution really asks us to do is to agree that all future work in the Secretariat and in India House shall be given to the Bombay School of Art and the Lahore School of Art. Well, Sir, as a Bombay

man, as I have already said, I shall be delighted to support it, but I very much doubt whether the House will agree to that proposition. That this is not an unfair interpretation of the Resolution, Sir, is I think clear from the fact that in 1924 the Honourable Member himself brought a Resolution to which he has referred in his speech. That Resolution ended with the words :

“that the work shall be entrusted to Indian artists, and preferably to the Bombay School of Arts”.

In addition, Sir, you have listened to his speech, his enthusiastic defence of the Bombay School, and I do not think it is an unfair interpretation of his Resolution that its real meaning is a preference to the Bombay School. The Honourable Member in his speech referred to the attitude he took in 1924 and congratulated himself that he was in a minority which has proved wiser than the majority. Sir, I demur to the interpretation of the amendment which this Honourable Council adopted on that occasion. The Honourable Member said in his speech that the amendment which was introduced by one of my predecessors, the Honourable Mr. Ley, was due to the fact that Government had grave doubts as to the capacity of Indian artists to be able to do this work satisfactorily. The amendment was that the words :

“and preferably to the Bombay School of Arts”

be omitted and the following should be substituted for them :

“if the requisite talent can be found in India, and that Government should consider the possibility of utilising the services of art students selected from the schools of art already existing in India”.

Now, Sir, I submit that there was no question in the Government's mind of grave doubts as to the capacity of Indian artists. What was generally expected at that time was that there might not be forthcoming, straight off, a number of students and artists available for the work of mural decoration. Sir, I find the strongest support for that view which Government then took in the words of the Honourable Member himself in his speech to-day. The Bombay School of Art had taken up the work of mural painting in 1920. This Resolution was taken up in 1924. And what was the position in 1920? According to the Honourable Member himself :

“The novelty of the class of mural painting lay in the fact of the application of the hereditary talent of Indian students for art to an original constructive effort after such efforts had fallen into what seemed hopeless disuse for many years”.

He then goes on to say :

“Proper facilities for advanced training for Indian students by means of organised classes and the class of mural painting were installed in the Bombay School in 1920”.

Was it surprising that this Council, four years after this effort had first been made, were somewhat sceptical as to the capacity of the Bombay School of Art as then it stood, to be given a preference to undertake this work of mural decoration of the buildings in the Secretariat and of other Government buildings? I would like to make a further point. Between the years 1920 and 1924 the work of the Bombay School of Art had been, and still is, very strongly criticised. I submit, Sir, that the real object of this amendment which my predecessor introduced was not to cast any doubts on the ability of Indian artists but in view of the facts which were then known to recommend a policy of caution and to substitute for the preference to the Bombay School of Art a general policy that Indian artists should be employed as soon as we can make

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arrangements for it. That, Sir, was the policy then announced by the Government of India in 1924 and I would submit that that is the policy which we are still pursuing.

Sir, it would take me a long time to go into all the different points in the Honourable Member's speech. I will refer briefly to two points. He states that :

"the Prize of Delhi scheme has apparently been dropped by the Government of India since they published their Note approving of the scheme in 1925".

That, Sir, I think gives a totally wrong impression of what actually occurred. It gives also an unfair impression of what the Prize of Delhi scheme was, though I have not the slightest intention of suggesting that the Honourable Member meant to be unfair. I have before me at the present moment the scheme for the encouragement of Indian art which was known as the Prize of Delhi scheme.

"The scheme in the first place does not, and cannot be for centralised uniformity for any training or technique".

That is a little bit interesting in view of the statement of the Honourable Member that :

"that scheme would have provided the selected students of our Indian art schools with post-graduate courses in art at a central institution in India".

Again :

"This scheme leaves the provinces free to express their ideas in a manner best suited to the requirements and artistic temperament of the people".

It goes on to say later :

"The scheme is based on the unassailable artistic maxim that artistic growth and development must spring from the environment and needs of the people".

I think, Sir, it is not a little surprising that some of the provinces asked, if all artistic growth and development are to spring from the environment and needs of the people, and if the provinces were to be free to express their ideas in a manner best suited to the requirements and artistic temperament of the people, would those conditions be best met in a centralised institution at Delhi, away from those provincial environments which would give to the students their particular spirit and growth? But the real reason, Sir, why this scheme was turned down was the financial proposals. These were to fall partly on the Government of India and partly on the Local Governments. The Government of India was to provide certain facilities in the way of buildings; the Provincial Governments were to provide for the maintenance of their villas and workshops. They were to provide also for the scholarships and fees of their pupils. All the Governments, with the exception of Bengal and I think the Punjab, declined to meet the expenditure. The scheme was not dropped by the Government of India—it is much rather true, Sir, that the scheme was dropped by the Provincial Governments.

There is one further point, Sir. He refers to Mr. Fyzee Rahmin's criticism of the Government of India's action in sending students abroad. Sir, I am not an artist and some people have said that theological controversies are the most bitter of controversies. Since I have had to deal with this question I am rather inclined

to doubt the truth of that statement. But the Honourable Member quotes Mr. Fyzee Rahmin's criticism of the Government of India's policy in this matter with approval and asks the Council to accept it. Mr. Fyzee Rahmin stated :

"The Government of India or rather the High Commissioner has put in a scheme of educating Indian students in England. By this a deliberate attempt has been made to attempt to destroy what little work is done in India to promote the interests of Indian art on traditional lines".

The House may be interested to know what Mr. Fyzee Rahmin has to say about the Bombay School of Art. In an interview in the *Indian Daily Mail* the following occurs :

"Mr. Fyzee Rahmin stated that the Bombay School of Art had been completely ignored by the authorities".

The Honourable Mr. Banerjee stated that on the other hand we had completely ignored everybody else. But to proceed with the article :

"Quite rightly," he added, "for this Art School had been destroying the original principles once embodied in the Indian arts and crafts. He did not think much of the mural paintings of the Bombay School of Art and considered them very harmful to the cultivation of real taste".

Sir, it is for the House to decide whether Mr. Fyzee Rahmin is more correct in the one instance than in the other. But while I have had to criticise this Resolution, because its real meaning is preference to one school, I do realise that what the Honourable Member really wishes, whatever his particular Resolution may say, is not preference to any particular school but a general acceptance of the principle that the work to be done in the Secretariat and in India House shall be done by Indian artists. I think this Council would also not be content with mere negative criticism of this Resolution and would like some statement of what is Government's policy in this matter. That being so, I am authorised to say that it is the intention of Government that Indian artists shall be employed in the decoration of public buildings in New Delhi and in India House to the extent that funds can be made available for the purpose. Now, Sir, that is not merely an expression of intention, it is the practice of Government which they have followed. They followed it in the case of the decorations of the Secretariat; the same practice has been followed in the case of certain decorations in the Viceroy's House and they have followed it in the decorations of the India House. Government have no intention whatsoever of departing from that practice. That is their policy and they will pursue it. I hope, Sir, that in view of this statement of the intention and policy of Government the Honourable Member will see his way to withdraw his Resolution.

THE HONOURABLE SIR PHIROZE SETHNA: Mr. President, I am obliged to the Honourable Mr. Shillidy for speaking at the length he has done on my Resolution and for endeavouring to reply to the points I brought out in the course of my speech. He started by observing that he could not accept my Resolution because of the manner in which it is worded. I admit my mistake and I know it is too late to ask your permission, Sir, to allow me to amend it. The objection which Mr. Shillidy finds to my wording is in regard to the words "then their services" which clearly imply that my Resolution desires Government to employ the services of only those men who have already executed the work in the new Secretariat. I admit that is a mistake but

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that was never my intention. My intention was—as the Honourable Mr. Shillidy has surmised correctly—that then the services of *such* artists and *such* students be availed of, and I suppose had I said so Mr. Shillidy would have seen his way to accept the Resolution.

However, I shall now deal with some of the points which he referred to in the course of his remarks. In the first place, he referred to Mr. Fyzee Rahmin presuming that I quoted him as one in whom I had great faith. I think I made it clear in the course of my remarks by observing :

“ I have mentioned Mr. Rahmin because he has not a good word to say of the Bombay School where he has himself had his early training ”.

I lay emphasis on that in order to prove to the House that the quotation made by my friend Mr. Shillidy was of a kind which would be expected from Mr. Fyzee Rahmin who is not true to his own School and who, in season and out of season, chooses to attack it. I have quoted him for the reason that although he generally disagrees with the Bombay School of Art, he agrees with it in the view that the Government of India have made a mistake in asking Indian students to go and further qualify themselves at the School of Art in South Kensington.

Then, Sir, my friend has spoken at some length on the Prize of Delhi scheme. I am afraid I could not follow him very clearly because of the distance I am sitting at, and he was not very audible, but it seems to me this is a subject which will perhaps require a further Resolution from me. I do not despair of bringing it up again and trying to convince not only the Government of India but also the Provincial Governments that it is to the advantage of the provinces and the country as a whole that this scheme should be taken up as soon as finances permit. I shall therefore say nothing more on this subject at the present moment.

There is one point, however, in my speech to which I attached some importance but I have had no reply to it from my Honourable friend Mr. Shillidy, that is, as to the reason why the Government of India have not thought it fit to publish their report on the work of mural paintings done in the Secretariat. I say that is very necessary for a great many reasons. I did put a question in the House some days ago and put a supplementary question to Mr. Shillidy wanting to know why Government refused to publish their report. Mr. Shillidy then said he would require notice of that question. I did not send in another question, because I brought that point out in my speech and I had hoped that Mr. Shillidy would reply. Now, Mr. President.....

THE HONOURABLE MR. J. A. SHILLIDY : Sir, I can deal with that point, if I may. It requires very little to explain why the report has not been published, because in the first instance so far there is not a report. There is not a report at present to publish. The reason why there is no report is that most of the work in the Secretariat is done on the system of marouflage. It is just a question whether that system is entirely suited to the great alterations of temperature, very cold and very hot we meet with in Delhi. It will require a little time to ascertain whether that is a success and whether the climatic features of Delhi are harmful to it or not. In addition to that, there is the question of getting some impartial artist who shall decide. There will be expense involved in that. The Honourable Member and the House will realise from what has been said in the debate to-day that if we choose a Bengali artist to sit on the work of a Bombay artist there will be trouble ; if we choose

a Panjabi artist to judge the work of a Bengali artist, there will be trouble and so on. All these schools are rival schools. We hope some day to get that opinion.

THE HONOURABLE SIR PHIROZE SETHNA : Will the Honourable Member tell the House what is the length of time he thinks he will wait before he will pronounce on the durability of the work on the marouflage system according to which the work has been done ?

THE HONOURABLE MR. J. A. SHILLIDY : At the present moment I am afraid I am entirely hampered by the financial situation.

THE HONOURABLE SIR PHIROZE SETHNA : Never mind the financial situation. Will it be two years, ten years, twenty years ?

THE HONOURABLE MR. J. A. SHILLIDY : I cannot give the exact date like that. I can only say that at the present moment we cannot even think of it.

THE HONOURABLE SIR PHIROZE SETHNA : I am afraid the answer is evasive. Well, that is one of the reasons why I say a report is necessary. The work done in the India House is not more than a few months old and yet the High Commissioner has reported exhaustively on it not knowing whether the South Kensington School method employed by these students will prove durable or otherwise. I know, Sir, that there did exist considerable bias on the part of the architects of New Delhi against any work being given to Bombay students. Sir Edwin Lutyens desired some students of the Bombay School of Art who were here with their Director on their annual school excursion in 1921 to paint some Hindu deities on the walls of the octagonal room in the house at New Delhi where he was staying. The work was done in a few hours and yet Sir Edwin Lutyens made it a point to show it to visitors from time to time, including myself, and to say that if this was the sort of work produced by the Bombay School of Art students how can you possibly entrust them with the work of mural painting in the Imperial Secretariat. I am sure that even Sir Edwin Lutyens has no word to say now against the work done except perhaps with respect to the question of durability because the system adopted is what is known as the marouflage system. There are three different systems of mural painting. There is the marouflage, according to which the canvas is painted and stuck to the wall and I think one of the criticisms made is that it is stuck with glue or some other adhesive. I may assure the House that the canvas is not stuck with glue but with some substance which is the secret of the Bombay School of Art which they will not reveal. But I may inform the Honourable Mr. Shillidy that if the Government of India desire this work to be done not by the marouflage system but by the fresco or the tempera methods—the one means painting on a dry wall and the other on a wet wall—they can do that as well and they have done so in Bombay and these different methods of painting have now stood the test of time for 12 years in some instances. It was therefore that I put the question as to the period of time after which Mr. Shillidy thinks this work will have proved its durability. That is the reason why I think a report is necessary and it is hardly fair to the students who did this work not to say whether those who ordered it are satisfied with it or not.

Sir, there were some criticisms from my friend the Honourable Mr. Jagadish Banerjee with regard to students from Bengal and from Bombay. I want to

[Sir Phiroze Sethna.]

make it perfectly clear that I am not asking for any preference for the Bombay School. I know that the Bombay School of Art has progressed far better but I do not want to take the time of the Council nor will the time limit permit me to prove that the Bombay School of Art has progressed better than other art schools particularly in mural painting.

I do not know whether Sir John Marshall was responsible for entrusting this work to Bombay students but I do know that there was a committee appointed of which Sir John Thompson was Chairman for selecting four students for the four scholarships awarded by Government. All these four scholarships were awarded, as Mr. Banerjee has said, to Bengali students and it may interest the House to know that in addition to Sir John Thompson who was Chairman of the Committee there were myself and Mr. M. R. Jayakar who at that time represented Bombay City in the Legislative Assembly also serving on it and we unanimously awarded these prizes to four Bengali students. Why was it so? It may interest the House to know that it was because the Bombay students were engaged in the work of the mural decoration of the Secretariat at that very time and consequently had no time to submit any samples of work in the competition test. That is what Mr. Jayakar and I discovered when we went back to Bombay and made inquiries. Had they competed, I have no doubt that they would have done far better than the other students. (Laughter.) My friends laugh. I will prove this. There were 15 Bombay students and 8 Lahore students who did the mural paintings in the Secretariat. Of these two latter went to England and greatly distinguished themselves. . . .

THE HONOURABLE THE PRESIDENT: I think the Honourable Member had better perhaps drop this controversy. It is really not relevant to the Resolution before the House, since the Honourable Member has admitted that there was no intention in the wording of the Resolution of introducing the question of preference. I must ask the Honourable Member not to refer to it any more.

THE HONOURABLE SIR PHIROZE SETHNA: Very well, Sir, I will seek some other occasion on which I can do so. All I will now say is that in view of the assurance that the Honourable Mr. Shillidy has given on behalf of Government that it is the intention and practice of Government to appoint Indians for this kind of work either here or in the India House during this year, I will ask the House to give me permission to withdraw the Resolution.

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION RE SEPARATION OF THE TELUGU DISTRICTS OF THE MADRAS PRESIDENCY INTO A SEPARATE PROVINCE.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras: Non-Muhammadan): Sir, I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor General in Council that the Telugu districts of the Madras Presidency be separated from the rest of the Presidency and constituted into a separate province called the Andhra Province and that a Committee be appointed to report on the practical steps to be taken for this purpose and for the settlement of the boundaries of the new province and the location of its capital."

It is too late in the day to expatiate upon the advantages of redistribution of some of the provinces in India on a linguistic and cultural basis. The

illustrious authors of the Report on Indian Constitutional Reforms themselves pointed out that the constitution of the existing provinces was artificial and due to historical reasons, that it would be most advantageous if administrative units were both smaller and more homogeneous and that by dividing the provinces on a linguistic basis, it would be possible to conduct the business of legislation in the vernaculars and thereby draw to the arena of public affairs men who were not acquainted with English. They declared it to be their

"own clear opinion that wherever redistributions were necessary and can be effected by a process of consent, the attempt to do so should be made" and therefore they desired that "it should be recognised as one of the earliest duties incumbent upon all the reformed Provincial Governments to test provincial opinion upon schemes directed to this end".

It is needless to point out that section 52A of the Government of India Act contains a provision for the constitution of new provinces and this was expressly inserted for the purpose of enabling the redistribution of the existing provinces on a linguistic or some other national basis.

The agitation regarding the separation of the Andhra province is at least two decades old. The agitation might have been originally due to a feeling on the part of the inhabitants of the Telugu districts of the Presidency that the Tamil people were having all the plums of Government service and the cry of "Andhra province for the Andhras" became so strong that I have heard it said that Tamil officers were not very happy when they were transferred to serve in the Telugu districts of the Presidency. But the agitation was undoubtedly also the expression of an undeniable cultural and racial unity. In numerous provincial conferences in the Presidency of Madras, the question of the separation of the Andhra province was mooted and resolved upon in the affirmative. When in the year 1925, a separate University was constituted for the Telugu districts of the Presidency of Madras, the Act constituting it was called the "Andhra University Act" and it was hailed with satisfaction mostly for the reason that it recognised the linguistic and cultural unity of the people inhabiting those districts. Although the general politics of the country have absorbed most of the enthusiasm of the leaders of the Andhra province the sub-national feeling for an Andhra province is still there and is as strong as ever before. The Nehru Report also makes mention on this question of separation.

The Presidency of Madras consists of 144,000 square miles and has a population of about 47 millions. The administration of such a huge area and such a huge population is not easy and the representation of such an area in one Legislative Council naturally necessitates the division of the area into big constituencies extending over several thousand square miles which in turn prejudices effective representation and makes it impossible for a representative in the Legislative Council to be in close touch with his constituents. The representation of such an area in the Legislative Assembly and in the Council of State becomes even more unreal. It would be desirable to divide this area into at least two provinces. The Telugu districts of the Madras Presidency contain more than 38,000 square miles and a population according to the latest Census of about 20 million inhabitants. With such an area and population, they can well be constituted into a reasonably extensive province. It will be much bigger than the proposed provinces of Sind and Oriya and of course bigger than most of the Indian States which will become separate provinces under the impending federal constitution of India.

It is easy to contend that the huge area constituting the Andhra province cannot be regarded as a homogeneous unit and that at least some portions of

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[Diwan Bahadur G. Narayanaswami Chetti.]

this area, namely, the Ceded Districts, may not have the same desire to get merged in an Andhra province. But nobody can deny that even these districts have a much greater feeling of unity with the Andhra districts than with the Tamil districts of the Presidency. Another objection that may be raised is that the financial commitments have not been satisfactorily investigated. The object of this Resolution is to see that they are investigated into and that if there are any difficulties in the way, adequate measures are taken to meet those difficulties. In the meantime I may be permitted to say that when examined it will be found these difficulties are not at all unmountable.

Nor need the Government apprehend that the other portions of the Madras Presidency will be against the separation. In fact the desire for separation is not entirely one-sided, *viz.*, on the part of the Telugu districts alone. If the inhabitants of the Telugu districts are anxious to come forward and say they desire to separate from the other portions of the Presidency, I may say that the latter are equally willing to be separated from the Telugu districts. This House will remember that it was in March, 1926 that our veteran publicist Sir C. Sankaran Nair moved a Resolution in this House for the constitution of the Tamil districts in the Presidency of Madras into a separate province. The Tamil people are as jealous of their language, literature and culture as the Telugu people are of theirs.

It was on 16th February, 1927 that Mr. Ramadas Pantulu, himself a person coming from the Andhra districts of the Presidency of Madras, moved a Resolution in this House urging the separation of the Andhra province. At that time the spokesman on behalf of the Government was able to defeat the Resolution by pointing out that there had been no demand in the local Legislative Council for the separation of the Andhra province. Since then, at least on two occasions, to my knowledge, the Madras Legislative Council has resolved in no uncertain manner that the Telugu districts of the Presidency should be constituted into a separate province. The first occasion was on a regular Resolution moved on the 14th March, 1927 in the Madras Legislative Council recommending the

"constitution of a separate Andhra province for all legislative, administrative and judicial purposes".

That Resolution was carried by a majority in the whole Council. The Honourable the President made out a list of the Telugu Members of the Council voting for and against the Resolution and it was found that while only five Telugu Members voted against the motion, 17 Telugu Members voted in favour of it. Again, on the 19th March, 1928, a motion for the constitution of a separate Andhra province was discussed in the local Legislative Council during the voting of grants. That motion was carried by 44 voting in favour of it and only 20 against it; the former including all the Telugu Members of the Legislative Council who were present except one who voted against the proposition.

The Joint Committee of Parliament stated in 1919 :

"that any clear request made by a majority of the Members of the Legislative Council representing a distinctive racial or linguistic territorial unit, for its constitution as a separate province should be taken as a *prima facie* case on the strength of which a Commission of enquiry might be appointed by the Secretary of State and that it should not be a bar to the appointment of such a Commission of enquiry that the majority of the Legislative Council of the province in question is opposed to the request of the minority representing such a distinctive territorial unit".

It is clear that a *prima facie* case exists for appointing such a committee as I have recommended. Such a course is necessary not only to satisfy public opinion in the Presidency of Madras but in the interests of the progress of both the Telugu and the Tamil districts in the Presidency.

Sir, the matter is one which has been the subject of two former Resolutions, one by my veteran friend Sir C. Sankaran Nair and the other by Mr. Ramadas Pantulu. When Mr. Ramadas Pantulu moved his Resolution, the then spokesman of Government, the Honourable Mr. Haig said that there was no Resolution in the Provincial Legislative Council making the demand, and that the initiative must come from the Provincial Council. Now that has been satisfied by two Resolutions of the Madras Legislative Council in favour of separation. I therefore hope that the Government will not have any difficulty in accepting this Resolution. After all, the Resolution only says that a Committee of enquiry should be appointed to report on the steps to be taken for creating a separate Andhra province. Sir, the only other argument that may be raised on the part of Government against my Resolution is the question of finance involved in the appointment of Committees. If the Government are only willing to appoint a Committee, I hope some public-spirited citizens of Madras will not fail to accept office on the Committee without any honorarium for undertaking the work. There is strong public opinion in favour of the Resolution. Sir, I move.

THE HONOURABLE MR. Y. RANGANAYAKALU NAIDU (Madras : Non-Muhammadan) : Sir, I support the Honourable Member's Resolution. Born and bred in the heart of the Andhra districts, excepting the well-being of my brethren and my Andhra culture I have no other axe to grind when I rise to support the Resolution. Long before any country wanted a separate province, Andhra leaders were pressing for a separate rule. In the matter of ancient history the dynasty of Vijayanagar had made a name for itself and with pride I may say its language and culture can stand comparison to any in India. The spirit of renaissance was taking hold of the Andhra provinces long before any other province and they were reflected in paintings and other works of arts and in the matter of patriotism, the Tamils and Malayalis may be said to be mere pigmies before Andhra giants. It may be said so in the matter of the physical build of that nation. I need not dilate on the superiority of Andhra in every respect. As I told the House the Andhras were the first to demand a separate province. After that we see a small neighbouring country Oriya is to be given a separate province. We have also seen the constitution of the North-West Frontier Province. Now there are good men available in the Andhradesa to fill up any intelligent and responsible post and when these smaller areas are to be constituted we cannot allow our claims to go by default. A deputation waited on the Secretary of State recently and it is in the fitness of things this Resolution is moved here. Even a Madras resident like the Mover of the Resolution is taking so much interest in our province and I thank him for it. I beg others will sympathise with the subject of the Resolution and support the evolving of a neat and small province as is given to North-West Frontier Province or the Oriya. My friend Mr. Rangaswamy Iyengar informs me that the Andhra Commission is going to suggest a very nice scheme for Oriya and we want a similar compact scheme like that and pray listen to our ardent request to preserve the beauties as well as the culture and language from being drowned by the motley grouping of different cultures together.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadan) : Sir, the glamour of a new province with all the paraphernalia of Ministers and Members and a big Council Hall for the debates has been too much of an attraction for my Honourable friend the Mover of this Resolution. I am sure, Sir, that a Resolution like this will commend itself to the present Government to whom the proposal quite fits in with the maxim "Divide and rule". Turning now to the financial aspect of the question of such a distribution of Madras I would enquire from my Honourable friend the Mover whether the people of the new province which he proposes to create will be able to maintain their province by further taxation if necessary without help from the Central Government. If he wants to enjoy the luxury of a small province he has to provide funds to work it, and not to depend on the revenues of other provinces to keep him going. I do not understand what the effect of this mutilation of Madras would be on the rest of the province. There has been already a Committee which is sitting—I mean the Committee to consider the boundaries of the new province of Orissa and it is just probable that certain Oriya-speaking tracts of Madras may be tacked on to Orissa. Now, Sir, if this Resolution is given effect to it will entail a further sub-division of the province of Madras. Do I understand that it is the intention of the Honourable Mover to relegate the province of Madras to the status of the newly created province of the North-West Frontier, Sind or the minor province of Assam? True, Sir, the Andhras have an University of their own. But, Sir, does that mean that there is a common bond of tradition or culture among all the people in Andhra as is generally assumed? I have very little experience of the Telugu districts, but let me ask my Honourable friend if these 11 Telugu-speaking districts have a political unity? What about the divergence of views between the Brahmin and the non-Brahmin; and about the depressed classes the less said the better. If, in the creation of that province, the linguistic basis of division is to be followed too far, divorced from cultural, ethnological and other considerations, then we shall land ourselves into the problem of creating new provinces speaking different dialects. If we agree to this dictum we shall have to create a Malayalam-speaking, a Canarese-speaking province and 1 provinces based on like distinctions in Madras and eventually we shall have to split the provinces of the Punjab and Bengal into a number of minor provinces according to the dialects spoken in the different parts.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Bombay is the most prominent province as far as the number of languages spoken are concerned.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : There is a great effort to unify and create a federal India with self-governing autonomous provinces. This step will be reactionary and I am sorry I cannot lend my support to the Resolution. I hope the House will pause before it lends its support to the Resolution. Sir, I oppose the Resolution.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member) : Sir, from the text of the Resolution as well as from the speech of the Honourable Member it appears that he does not suggest that an Andhra province should be formed before the inauguration of the new constitution. The Resolution recommends the appointment of a Committee to investigate various matters. If the Honourable Member's intention be to raise a debate on the principle of linguistic provinces, I may state at once that the Government are in no sense hostile to the principle of the establishment of provinces on a linguistic basis.

But the Council will no doubt realise that any readjustment of provinces requires very careful consideration. The formation of an Andhra province is likely to involve more than the separation of the Telugu districts from the Madras Presidency. The Tamils and the Canarese have similar aspirations, and the complete dismemberment of the Presidency cannot be lightly decided upon. The question was not discussed at the Round Table Conference—I mean the question of the separation of the Telugu districts from the Madras Presidency, but two memoranda, one by the Raja of Bobbili and the other by Mr. Giri regarding the formation of a separate Andhra province, were circulated to the delegates. Sir, it was then understood that the readjustment of provincial boundaries other than Sind and Orissa should stand over till the new administrations themselves took up cases as they arose. Again, in connection with the classification of subjects the Joint Committee of Sub-Committees 1 and 2 of the Round Table Conference suggested that territorial changes other than inter-provincial and declaration of laws in connection therewith should be dealt with under amendments of the constitution. This is Item No. 42 of the Appendix to the Report. The matter stands in this way now. This question of the separation of the Andhra province was not considered by the Round Table Conference, whereas they did take up two specific questions, those of Sind and Orissa. The readjustment of provinces was left at that, that when the new constitution was established then these questions might be taken up as the pressure of public opinion demanded. That is where we stand now. No inquiry has yet been made with regard to the Andhra province; no inquiry is likely to be undertaken before the new constitution is established. At the present moment the Sind inquiry has been practically finished. With regard to Orissa—I think the Honourable Mr. Mehta will confirm this—that the labours of the Committee are not quite finished.

THE HONOURABLE MR. H. M. MEHTA (Bombay : Non-Muhammadan) : Only one-third is finished.

THE HONOURABLE SIR BROJENDRA MITTER : Sir, it is not possible for the Government to undertake a third inquiry with regard to the Andhra province. After this explanation I hope the Honourable Member will withdraw his Resolution.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : Sir, I find that whether the Round Table Conference is going to consider the question later on is a matter of doubt. What I wanted was a Committee of enquiry to be appointed to keep everything ready, and nothing more. If Government want everything to be put off I have no objection. I ask for leave of the House to withdraw the Resolution.

The Resolution was, by leave of the Council, withdrawn.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR BROJENDRA MITTER (Leader of the House) : Sir, I wish to say that there is no business for to-morrow or Thursday.

THE HONOURABLE THE PRESIDENT : The Council will adjourn till Eleven of the Clock on the morning of Friday, the 11th of March.

I would remind Honourable Members that a photographer will be in attendance at a Quarter to Eleven that morning.

The Council then adjourned till Eleven of the Clock on Friday, the 11th March, 1932.

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COUNCIL OF STATE

Friday, 11th March, 1932.

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

GENERAL DISCUSSION OF THE GENERAL BUDGET.

THE HONOURABLE THE PRESIDENT: The Council will now proceed to the general discussion of the Budget, Part II.

[THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal: Nominated Non-Official): Sir, with all his efforts—almost heroic efforts—with all his moulded sentences and skilful phraseology, the Honourable the Finance Member has failed to produce a properly balanced budget for the last two years. Cool calculation of figures and frantically drastic remedies adopted to adjust the resources have systematically belied his expectations. Throughout the superficial optimism of language in his speech in the Legislative Assembly there can be discerned an undercurrent of pessimism born of deep disappointment. Much though I feel and sympathise with the Honourable the Finance Member in his baffled hopes, I cannot but appreciate that he has not claimed for himself that Papal infallibility which is the characteristic of the officers of Government. I think, Sir, it will interest the House if I recapitulate the various causes which have brought about the almost hopeless collapse of the financial situation which the Finance Member with his adroit skill still hopes to revive.

The history of post-reform Indian finance may be divided into three distinct periods. The first of these, covering the period from 1921 to 1924, was a period of heavy military charges for the operations in Afghanistan and on the Frontier, of huge annual deficits, of additions to taxation, of currency inflation, and of exchange fluctuations. It was thought at that time that normal conditions would take long to come and, while the people bore patiently the heavy burden of taxation, every effort was made to bring to an end such an era of financial gloom. The longed-for relief came when, as a result of the recommendations of the Inchcape Committee, an appreciable reduction was effected in the civil and military expenditures of the country and trade brisked up once more.

The second period, which began in 1925 and continued till 1928, was an era of balanced budgets at the Centre and also in the provinces, and there was also a remission of the inequitable provincial contributions. It was during this period that the Government finances were stabilised, railway finance was separated from general finance and the public debt position was considerably improved.

The third period, beginning from 1929 onwards, gave rise to the suspicion that the recurring surpluses of the past few years were not real or permanent and that it might become necessary to levy additional taxation to make up for

[Mr. Bijay Kumar Basu.]

the gap left by the last instalment of the provincial contributions which were remitted a year ago. But it was believed that the tide would turn soon in our favour and that the country was going through the usual trade "cycle." But there was a kaleidoscopic change. There ensued an acute trade depression in the country and world trade conditions became less and less encouraging, nay, positively discouraging. Added to this there was growing political discontent and distrust in India which eventually reacted very prejudicially on the country's financial situation which was already worsening. The difference between the economic and financial conditions of 1921 and 1931 is really one of degree and not of kind. The trials and troubles of the early years of the last decade have only repeated themselves in 1931, if I may say so, in an aggravated form. Although the Honourable the Finance Member may anticipate a return of normal conditions, as a matter of course, in a year or two, as was indicated in his speech in November last, yet I venture to think that the present crisis is a phenomenon of an entirely different character from the usual depression that follows a boom, and it becomes therefore absolutely necessary to scientifically adjust the national expenditure to the paying capacity of the people. The whole trouble, in my opinion, is due to the absence of substantial accord between the Executive Government and public opinion in matters financial affecting the country. The people have no means of ensuring that the revenue will be spent on such services as they may wish to develop or that they would have any power to reduce any expenditure on services not under popular control, like the Police in the provinces and the Army at the Centre. Therefore, any financial administration which is carried on under these conditions, no matter how honest or efficient it may be, is bound to prove barren of progress and thoroughly unsatisfactory to the people of the country. The crisis to which I was referring and through which this country is now passing must not be taken as an ephemeral one; it reflects the world spirit and no country has escaped it and India cannot be an exception. The political and economic influences born of the Great War and its aftermath have been felt by all countries and the whole face of the economic world has been radically changed and each country and each nation has to adjust itself to the new conditions. Makeshift policies, stop-gap arrangements, and the tendency to think and act for the passing hour must have to be given up for good. Comprehensive, well-conceived and well-laid plans of reform must be adopted in the best interests of the country as a whole and with the consent of the people as in every other country in the world. "A caravan-passing and dog-barking" attitude may do very well in other departments of Government, but I make bold to say that the whole future financial policy in India should be laid, well and true, "broad-based on the people's will."

THE HONOURABLE RAJA SIR RAMPAL SINGH (United Provinces Central: Non-Muhammadan): Sir, the Honourable the Finance Member and the Honourable the Finance Secretary have to be congratulated on the ability with which each of them has presented the budget estimates of the coming year—the former in the other House and the latter here—and the account of what the financial position of the Government of India is at this time when the current year is about to close and what it is expected to be in the next. While I must offer my tribute of praise to them for their wise stewardship of the finances of the Government of India and for the retrenchment that has been made in their expenditure, they may also well feel proud for their achievements in these difficult times when economic depression is the order of the day all over the world. Looking to the abnormal conditions

prevailing and comparing our position with other countries as has been pointed out we may find solace and not get alarmed at the deficit which will have to be faced this year and which after deducting the assumed surplus of next year will amount to about 11.51 crores. But it cannot be denied that the situation is a distressing one and needs the utmost caution and economy. Most of the important items of income are yielding much less than what they used to do, taxes after taxes have been and are being piled up not only by the Central Government but also by the Provincial Governments who too are in bad plight, the commercial departments are giving us no relief but on the other hand are themselves very hard hit. These are the conditions—and what hope is there that they will soon change. I say these are the conditions in which the Government of India have to steer their finances at this juncture. I have no misgivings as to their future success even in such adverse circumstances. But I feel constrained to sound a note of warning not only to the Government of India but also to Provincial Governments that the taxable capacity of India is at a low point, commerce and industries are stagnant owing to the want of purchasing capacity of the people, individual incomes are declining, agriculture is depressed beyond measure and something like economic gloom is pervading the country. At this time when there was a necessity of some reduction in taxes we find both the Government of India, Provincial Governments and local bodies faced with such stringency that it is unthinkable to get any redress in that direction. It is a matter of satisfaction that, in spite of the insurmountable financial difficulties with which they were faced, some Provincial Governments deserve unqualified credit and praise for giving fairly liberal and timely remissions in rents and land revenue to agriculturists. We cannot be too grateful to them for their wise policy. With a crippled income it is but natural to tap new resources but in their search they—I mean both the Government of India as well as the Provincial Governments—are liable to fall into errors. Under present conditions such search cannot prove to be fruitful but on the other hand will be dangerous. It is retrenchment and retrenchment alone that will help them in the present crisis. No doubt they have axed as far as they could and assurances have been given of vigilance in keeping down expenditure and for further reductions if any avenues can be found for them. Sir, I know how retrenchment and reductions in expenditure become difficult and unsavoury when once the standard goes high. With the Government they are still more so because their expenditure is not adjusted according to cautiously anticipated income as solvent landlords do. Their budgeting process is the reverse. They first put down their expenditure on a lavish scale and then search out all sources of income in order to meet that expenditure as is the case with spendthrift landlords. The former attain their object by levying taxes after taxes and duties after duties on articles while the latter have recourse to illegal exactions such as rack-renting, *nazrana*, etc., or to borrowing. The Government as the biggest landlord in India should better adopt the method of budgeting followed by solvent landlords and not that of spendthrifts. Though fairly considerable retrenchment and reductions have been made and we are thankful for their action, yet I repeat with emphasis that further avenues should be so sought for and efforts should not be slackened in that direction till the dawn of better times. Well has it been said that the budget of the Government of India and now of the Provincial Governments as well is a gamble on the monsoon. No one can foresee with any amount of certainty what is in store in the coming year. In the current year, fortunately or unfortunately, the drain of gold, if I may so call it, served them well in balancing the trade. What next because the quantity of exportable gold is not inexhaustible? There is no guarantee that all the anticipations and

[Raja Sir Rampal Singh.]

assumptions of the Honourable the Finance Member will come out to be true. Therefore caution and economy are the crying need at the present time.

It is an irony of fate that when we are on the threshold of great constitutional changes, when promises and pledges have been given that before long India shall be allowed to manage her own affairs her finances should have receded towards so great stringency. Let us pray that we Indians may get a better financial legacy than depleted reserves, debts and other liabilities.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, every credit is due to the Honourable the Finance Member for the *adroit* way in which he has been piloting the ship of our finance through the shoals and breakwaters of trade depression and world conditions for the last two years. The lucidity and clearness with which he presented his case cannot but fail to elicit our admiration considering the very many disadvantages against which he has to move on. No one should, therefore, take any exception when he says that as regards raising an extra revenue in times of emergency :

" His most sure and reliable course is to impose slight increases in the taxes which fall on the masses. A few annas per head from 300 millions is the most effective course whereas attempts to extract heavy taxation from a limited class seems almost to have reached their limit ".

At a time, Sir, of exceptional national emergency every sort of remedy has to be tried to get over the situation.

Sir, a good deal of criticism has been unnecessarily levelled at the Honourable the Finance Member for the export of distress gold in recent months from this country by a class of people who have evidently not cared to study the matter quite carefully. Sir, at a period of extreme tightness of national finances—at such an abnormal time when people cannot avail themselves of sufficient foreign capital—when capital is so much needed for carrying on the internal trade, private hoarding of gold must realise itself for the expansion of currency to meet that purpose. In fact, without the exchange of private gold for silver or paper currency in the country, it would have meant utter disaster to our indigenous trade and banking that still survived the adverse financial conditions. Therefore the prevailing misconception that Government are parting with the gold kept in their reserve should be entirely banished from our minds.

It need not be too much emphasised that Government are always under the law well backed with gold in the reserves to meet every contingency arising in this country. Therefore, Sir, if the British financial circles have declared anywhere that the export of gold from India in the past few months had been so much of a relief to them to meet their obligations with America and France, they have said nothing which should have upset anyone in this country.

Sir, the protective tariff recently adopted by the Honourable the Finance Member has also been subjected to some amount of criticism. But, Sir, when we think that every important indigenous industry which has to hold its own must receive some amount of support from Government, we cannot but have to waive our quasi-political objections and look generally to the intent of the measure. Sir, it is the common practice of every Government to afford some sort of a prop to a nascent or struggling industry in the shape of either protection, bounty, or subsidy. So if our Government having examined certain cases have afforded them protection in their discretion, we should refrain from criticizing such actions on their part.

Sir, I regret to say that the most important thing, where the promise of the Honourable the Finance Member has not been fully redeemed, is in the matter of retrenchment. Whatever retrenchment has been effected is, in my estimation, quite insignificant in proportion to the huge amount spent on the head of expenditure. So far as the costly side of the administration of the country is concerned, the retrenchment proposals are halting and hesitating so long. Sir, we are still fed with hopes that more retrenchment is yet to come, but one wonders why things are not done quickly to bring about an equilibrium in the budget, except on heads that directly or indirectly lead to increased prosperity, increased social well-being and increased happiness.

Sir, I cannot conclude without mentioning that it should not be forgotten by the Honourable the Finance Member that the taxable capacity of the Indian masses is strictly limited and is very narrow and the more revenue that Government try to extract out of them, the less will be their capacity to meet provincial and local charges and the result will be that provincial finance will suffer as they are suffering already.

THE HONOURABLE RAJA LAXMANRAO BHONSLE (Central Provinces : General) : Sir, this is the second debate on the budget, since I was elected to this Council, that I am, through your kindness, having the privilege to address the House. At the close of my speech last year, I referred to the gloomy outlook in the sphere of national finance. That gloom has, if anything, deepened. No doubt the budget has been somehow balanced ; and the Finance Member is able and fortunate enough to assure the House that the finances of India are essentially sound. But, as he has told us, in paragraph 49 of his speech, the tax revenue has been raised from 67 crores in the year 1927-28 to 77 crores in the next year. This increased load of taxation is pressing very hard on all. This result was due not to increase in expenditure which has been very much cut down, but the fall in receipts under various heads. Faced with this continued fall, he goes on piling up one tax upon another, on the people. But the fall in receipts is not a calamity which has overtaken Government alone. The tax-payer also sees his receipts falling under every head. Where is he to look to meet the growing demands of the tax gatherer ? To whom can he pass the burden on ? We are thus caught in a vicious circle. The Finance Member has already begun to cast a longing look on increased import duty, on kerosene, salt and other articles of necessity for the common man. Sir, it would be a mistake to try the patience of the common man too much. His standard of living is already much too low. Last year there was, in the budget at least some reference to the way in which, through the efforts of the Banking Enquiry Committee, Government was going to help the cultivating classes as regards agricultural finance. In this year's speech, the Finance Member has nothing to say on the subject. It is no comfort to the hard-worked tiller of the soil to be told that the Government's financial position was essentially sound. Government securities may have appreciated in value and Post Office Cash Certificates also may have increased in volume. But this can be no satisfaction to the cultivator who has no surplus to invest, who sees his return from land shrinking in value, while he has to pay a good deal of it more in payment of interest and meeting the cost of the necessities of life. I will not say much about whether the free gold export policy is good or bad for the country. I am not a financial expert and cannot decide which side is right. I prefer to look at the question only from one point of view, namely, whether the promised improvement in the banking system of the country will be delayed or hastened thereby. Similarly, we have clamour for protection on every side. Protection may be good for some infant industries, but we can easily have

[Raja Laxmanrao Bhonsle.]

too much of a good thing. Further, as I said last year, the root of the trouble is in the high military expenditure. A radical change in the military policy by wholesale Indianization alone can lessen the financial burden. There is ample material for it in India. Before I sit down I would make one final request to Government not to try the patience of the tax-payer too much.

I am glad the Finance Member has been able to balance the budget. But his satisfaction is like that of a medical expert to whom a specially difficult case was taken for treatment. With great skill and effort the doctor was of course able to declare the patient "cured" of the particular disease but the patient died in the process. Let the Finance Member draw the obvious moral from the case.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay : Non-Muhammadan) : Sir, while giving full credit to Government for the efforts they are making at economy and retrenchment and making full allowance for the disturbed conditions in which we live at the present moment, I feel it will not be unfair to say that the time has arrived when it should be seriously considered whether the country can stand the heavy taxation which has been recently imposed and whether it can afford the existing scale of national expenditure. I recognise that the figure taken for expenditure for next year is considerably smaller than that for the current year, but with additional taxation and reduced revenue it seems to be imperative to take stock of the whole situation seriously and I hope that matter will receive early consideration.

I do not want to say much about the question of the exports of gold since the subject has been recently discussed at sufficient length in this House. I should like to make only one observation with reference to the argument proceeding from the side of Government that the sales of gold in the districts mean a good bargain for people who are putting their savings to very profitable use. From my knowledge of these transactions I can say that the sales could have been welcomed if their proceeds had been utilised for a productive purpose or had any chance of being reinvested. In several cases gold has had to be sold because there was no escape from it and money had to be realised in order to make the two ends meet.

This leads me to the inquiry as to what Government have done and what they propose to do with regard to the reports of the Banking Enquiry Committees. One would have liked Government to make a statement of their policy and the measures they propose to take in relation to it. It is true that much of the work to stimulate and properly organise Banking will have to be done by the Provincial Governments, which are, however, handicapped by financial difficulties. The Central Government is in no better state. Still the lead will have to come from the Government of India, and I am given to understand that people in the provinces are waiting for it. I hope Government will make an early declaration of what they propose to do to give effect to the many suggestions which have been made to them. The constructive side of the national finances cannot be neglected even in these days of depression, and this is a problem which, I venture to think, must be taken in hand without delay.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : Nominated Non-Official) : Sir, this year's budget has been robbed of considerable importance as well as excitement by not being accompanied by a

Finance Bill and the discussion on the budget will be more or less of an academic character only. It will at any rate serve the useful purpose of verifying the forecast which the Honourable the Finance Member made last September and it will enable us to judge from the remarks which he made on that occasion how far his prophecy in the matter of the collection of taxation and in other matters has been fulfilled. Sir, this is a very deplorable and disheartening budget. Nobody here for a moment can gainsay that proposition, but I must submit that I heard the speech of my Honourable friend Mr. Basu with some measure of surprise and also bewilderment. I do not think his observations, both against Government and against the Finance Member were borne out or justified by the examination of the circumstances of the case. He divided the period from 1920 into three instalments and made certain unfounded criticisms which I do not propose to refer to, but in the diagnosis which he made of the situation I am afraid he went off the right track altogether. His diagnosis was absolutely incorrect and also I submit to a certain measure unjust to the Finance Member. If he had only cast his glance at the situation which is being experienced all over the world during the last three years, if he had only borne in mind that these two years have not been years of heavy deficit only in India but all over the world—France, one of the richest countries with its vast possessions of gold showed last year a heavy deficit, America with all its accumulations of wealth, with all its resources, showed a heavy deficit, the United Kingdom, once the leading financial nation in the world showed a most deplorable state of financial affairs—and if he had only fairly examined the genesis of all these events he would have come to the conclusion that our misfortune is due to world factors over which no Finance Minister or no Government has any possible control. Sir, I, on the other hand, think that the achievement of the Finance Member has been a singularly surprising and a gratifying one. The promises which he made to the Council have been fulfilled. He pledged last September when the discussion on the emergency measures came on that there shall be no taxation unless heavy retrenchment preceded any such imposition of new taxation and the promise which he then made has been abundantly fulfilled. I consider that the country is extremely grateful to him and also to the various Retrenchment Committees for the marvellous, unheard of, unexpected, retrenchment they have made in the various services in this country, both civil and military. It is true that the Government have resorted for its resources this year to three heads, firstly, entire reorganisation of the services from the point of view of economy; secondly, cuts in salaries, and thirdly, a measure of taxation. I do not say that every one of us will agree with him so far as his measures of taxation are concerned, at any rate there must be difference of opinion so far as some features of that taxation are concerned, but on the whole the position which he has forecasted seems now to be extremely hopeful, and I believe that if his calculations are correct and if his prognostications are fulfilled, probably in a short time we shall see a change for better times. There was a lot of talk about balancing the budget by giving up the sinking funds and by the adoption of other doubtful and heroic remedies, but it is a matter of congratulation that the Government has not been swayed by such allurements and I think we can see an example to follow in the firm policy which England adopted last year. In six months' time England has recovered its lost position. The pound has been steadily rising; only two days ago it shot up like anything, and this is because England voluntarily, cheerfully and willingly bore a heavy measure of taxation and underwent sacrifices which have brought to her within a short spell of time such a wonderful recovery. And I have not the slightest doubt that in this country too by the adoption of the measures which have been indicated in this budget

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we shall before long have a real and substantial recovery both in the financial and in the economic situation of the country.

Sir, as regards retrenchment I would like to say that, considering the nature of the civil expenditure, considering the amount spent on the maintenance of the administration, which is only 18 crores of rupees, a saving of 3 crores and 18 lakhs must be regarded as a very substantial saving. One of the Honourable Members who have preceded me told the Council that the retrenchments had not been sufficient. But it must also be remembered that retrenchment must proceed side by side with efficiency. If you destroy the machinery of Government by creating inefficiency, it would be very difficult to pull up and regain the position. It is much better to proceed cautiously and slowly and lay the policy of Government so far as retrenchment is concerned on a sure foundation. If we only examine one brief figure, it will clearly appear that the net total controllable administrative expenditure, both civil and military, has been brought down within twelve months from just over 76 crores in 1930-31 to 64 crores in 1932-33. This is a phenomenal act; it is wonderful; it implies a saving of 16 per cent. To be fair, we must admit that it was not possible to expect a bigger saving than 16 per cent. in one year's time.

[Sir, as regards the emergency cuts in salaries, I have to raise a little quarrel with my friend the Finance Member. I do not for a moment say that the retrenchments which he has made are unfair; they have been done on the right and proper basis and a uniform scale has been introduced. But I was a little bit dissatisfied to hear from my Honourable friend the Finance Member that these cuts in the salary of the various Services should be regarded as of a temporary character only; they were brought into existence from last December, but they were not to be operative beyond the 31st March, 1933. Sir, it would have been a matter of greater satisfaction if no statement had been made on that point at present, and at least if the Finance Member had waited to see the actual financial position in the country over the next twelve months before coming to a decision. Sir, my personal opinion is that the present prices of commodities have more or less come to stay, that is, at their present level. The inference which I draw from a study of economic and other questions is that we shall not see the level of prices prevailing in 1929 at least for a very long time. I feel that all over the world commodity prices are not likely to substantially rise and the reflex effect of all the trade conditions in the various countries will keep our prices also comparatively down. It must also be admitted, Sir, that the scales of salaries in this country are much larger than in any other country in the world, and this is the opportunity, this great and glorious opportunity, of making a permanent retrenchment, and I do hope that this opportunity will not be lost by our Government particularly because the finances of the country year after year will not be the same as in previous prosperous years and the surpluses which we saw in the last decade have to my mind permanently disappeared from our budget. It is therefore necessary that the salaries of all the Services should now be regulated not only in relation to the existing conditions but in relation to the new conditions that have now come into operation, and I therefore think that in a matter of this nature Government should not be in a hurry to state that these cuts will be soon wiped out. At any rate so far as the Services which have been protected under the Government of India Act are concerned, whatever may be the decision ultimately taken in the House of Commons, I cannot help remarking also that, so far as new entrants are concerned, their salaries at any rate must be put on a much lower scale and should not be kept at the level which is now fixed.]

Sir, the most remarkable feature of this budget is the cut of 5½ crores in the military expenditure of this country. It is a most gratifying feature of the budget. I have heard in this Council year after year discussions on the military expenditure of the country, and it was pointed out that the expenditure was very heavy. Appeals were made to Government and to the Commander-in-Chief from time to time at any rate to come to the figure laid down by the Inchcape Committee. We heard resolute and firm remarks from the various Commanders-in-Chief that the military expenditure was incapable of any further reduction or even to the figure suggested by the Inchcape Commission. Now under the compelled hand of necessity we find even His Excellency the Commander-in-Chief—I am sorry he is not present here—as well as the Government have come to the conclusion that the expenditure must be substantially reduced. And it is a very significant feature that such a singularly large cut as 5½ crores has been made. I am alive to the fact that this cut has been made partly by the postponement again for the second year of the programme of military equipment expenditure but nevertheless this cut is most welcome and this cut has been so effective that the military expenditure this year—taking the savings of 75 lakhs of rupees in the salary cuts of officers and 25 lakhs for the last six months made in the current year—the military expenditure will not exceed 46.65 crores of rupees. But unfortunately one feature or rather one condition attached to this reduction in military expenditure is disconcerting, namely, the statement which the Finance Member made at the instance of His Excellency the Commander-in-Chief in his budget speech. His Excellency has pointed out that, though this year he has agreed to an expenditure of a little over 46 crores it cannot be regarded as a permanent cut in the military expenditure and the year after he will consider things very satisfactory if the expenditure could be limited to 48 crores only. Am I right? (The Honourable Sir George Schuster nodded assent.) Sir, I think His Excellency with his capabilities, his experience of the country which he has now acquired, and his general knowledge of the military expenditure and also of the promise made by the Finance Minister in his speech that he will see that every possible pressure shall be exercised for the reduction in military expenditure, I do hope that this expenditure will not again materially rise and either stand at the level to which it has been now brought down or probably be brought to a still lower level. Some of us may not hope to see a further reduction than 46 crores which does seem to be a reasonable limit for the present. I do not know how circumstances may change in a few months hereafter but I do hope every endeavour will be made to control this expenditure. I feel confident that Government will no longer be remiss in this matter and as expressed by the Finance Member:

“the campaign for retrenchment will not be regarded as finally closed with the achievements of this year”.

I shall just only say a few words on the taxation policy of Government before I conclude. On the taxation policy anybody who reads between the lines of the Finance Minister's speech will appreciate that he thoroughly grasps the difficulty of raising our customs revenue or raising the income-tax and super-tax to their present limits. In the matter of customs I am afraid duties have been levied at a rate and at a level at which in time I fear it will affect the general welfare of this country. Sir, there are limits to customs duties. Apart from the inexorable law of diminishing returns it would at times be very, very difficult to secure the money with a continuous policy of high tariffs. For instance, from the general 15 per cent. revenue duty all the imports have now been raised to 25 per cent. The general duty to-day stands at 25 per cent. Some important items of taxation have been restored

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and the free list altogether disappears. Duties which the Government themselves at one time thought impracticable or unwise to impose have been again restored. The Finance Member rightly said that as the protective effect increases their value as revenue producers must diminish. At a time of depression Government are extracting 9 crores of rupees more from the people by direct taxation. The Finance Member has compared the heavy taxation of other countries with our scale of taxation. I must also respectfully point out to the Finance Member that such a comparison is obviously incorrect. In other countries like America and in the United Kingdom particularly where heavy direct taxation—income-tax and super-tax—are imposed there are compensatory features of that taxation which are altogether wanting in this country. In England the Government gives allowances for the maintenance of the assessee and his family. In England money is spent on the unemployed of the country. Welfare services are also rendered and the country supports numerous welfare institutions. You do not therefore feel in a country like England the heavy direct taxation because it has its advantages and its compensations but in India the system of income-tax has no such compensations. Even the poor solace, even the poor comfort, of carrying over your losses to the next year has been denied to the people of this country. It is true that my Honourable friend two years ago promised to take this matter into consideration in case the finances improved but on the other hand the finances have deteriorated very considerably and no improvement can be expected for a while. Is there any wonder then if these crushing duties are a drag on India's economic recuperation. Still I do personally think that when a direct taxation like the income-tax with its stupendous surcharge of 25 per cent. has been levied it is only right and fair to the assessee that he should be compensated by a measure of some consideration like permitting him to carry forward all his losses to the following year and I say it will not only be a measure of justice but it will also be a matter of right and correct policy on the part of Government. Administrative changes should be brought into closer relation with the tax-bearing capacity of the people. I trust his calculations both regarding the income-tax and super tax this year will prove correct and that he will be able to harvest the return which he considers necessary for maintaining an equilibrium between revenue and expenditure.

Sir, I shall not trouble the Council any further and with these remarks I will resume my seat.

THE HONOURABLE SIR PHILIP BROWNE (Bengal Chamber of Commerce): Sir, I think I can safely say that the Honourable Member's speech, particularly the weak spots in it, has already had the lime-light fully thrown on it and I do not propose to detain the Council for long over any remarks I may make. To my mind, one of the most interesting and satisfactory points in the Honourable Member's statement is the amount subscribed to the 6½ per cent. Treasury Bonds by small investors through the Post Office. I must say that at the time some of us disliked those treasury bonds being kept open for application so long, as we all hoped that when the lists were closed we should find Government securities appreciating. At the same time, amounts collected through the local post offices in the country were very satisfactory and I am sure the Honourable Member is very pleased with the result. Also the fact that the receipts from the Post Office Cash Certificates and Savings Bank exceed the budget estimate by over Rs. 300 lakhs is very satisfactory and indicates that the general community

are being educated gradually to recognise that it is better to invest their money in the Government than to keep it lying unproductive.

I think the Honourable Member must be convinced that we have reached that stage of taxation resulting in diminishing returns. We were told that the 25 per cent. surcharges that were put on last year were purely temporary in a very special emergency. I may not be so clever as my Honourable friend Sir Maneckji Dadabhoy in reading between the lines of the Honourable Member's speech, but I regret to say that I cannot now find any reference to the temporary nature of those surcharges. They seem to be treated rather more as general taxation which may come off later when the country improves. I should very much like to have seen the temporary nature of those surcharges emphasised by the Finance Member. Perhaps he will give us an assurance a little later that they are coming off as soon as any remission is possible.

Anyway the present scale of taxation is undoubtedly throttling business and all development in trade. As one of the previous speakers remarked, relief must be looked for from some form of possibly indirect taxation of the 300 millions in India who at present contribute so little to the cost of running the country. The comparatively small number of tax-payers in India are undoubtedly called upon to pay too much, to bear too much of the burden. The Finance Minister quoted a verse from the Proverbs to justify his line of action in a certain case. I would ask him to pass further on in that Good Book and refer to Chapter XVI where he will read:

"Better is a little with righteousness than great revenues without right".

I commend that verse to the Finance Department's consideration.

Another point in the Honourable Member's speech on which I should like to say a few words is the question of income-tax evasion. My constituency, and I think many others in India, are convinced that there is a great deal of evasion going on. The Finance Member has been sympathetic on the subject and I see that in his statement he says that although he applied for suggestions from the business community, both in regard to evidence of evasion and to measures for dealing with it, he did not get very much help. He does not deny in his statement that there is considerable evasion. There is a very strong opinion in many parts of India that considerable evasion is taking place and though the business community are unable to produce the necessary evidence I do think it is up to his Department to find out whether that evasion is taking place. We are all convinced that it is there and I must press the point that it is up to the Department to take further steps to prevent it. I heard a suggestion a short time ago which may or may not be new to the Honourable Member, but I would like to put it forward for his consideration. I understand that, particularly in mofussil towns many firms' books are inspected by the Income-tax officers—this is of course done in the towns as well—but in some districts the Income-tax officer stamps each page of the account book to indicate that that is the account he has passed. It is a matter of considerable suspicion that a certain number of merchants keep more than one set of books. I would suggest, if it has not already been taken up by the Income-tax Department, that arrangements might be made that the courts would only recognise the set of books which have been stamped by the Income-tax officer as the official accounts on which income-tax has been calculated, and that any accounts produced for recovery of debts or in connection with other business transactions should be those certified by the Income-tax officer. It is possible that the Finance Member is already aware of this suggestion. If not, I hope, that he will find some use for it. I still maintain that it is up to the Finance

[Sir Philip Browne.]

Department to obtain greater recoveries of income-tax, that is to say, to ascertain where evasion is taking place. He is somewhat mysterious on what he has found out and what he is going to do. He talks about "In vain is the net spread in the sight of the bird". I would rather like to carry his metaphor further and remind him that St. Peter having toiled all night and caught nothing on one side of the ship, proceeded to let the net down on the other side of the ship and the net burst owing to the quantity of fish caught. Perhaps if the Finance Minister would let his net down in some other direction he might be just as successful.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadan) : Sir, I have been watching rather carefully the financial situation of the country during the last few months and the budget speech of the Honourable the Finance Member did not strike me as at all surprising. If we read between the lines we cannot escape the conviction that the country exists to maintain the Government and not the Government for the country. In fact, whatever results have been achieved have been achieved not by reducing the cost of the administration but by the piling up of taxes.

Export of Indian gold out of the country in the present distressing financial situation is a matter on which the people have come to hold very strong views. Strongly as they question the wisdom of the Government permitting unfettered the export of gold from India instead of restricting and mobilising it for the coming needs of the country, they are not at all satisfied that the present expansion of currency is not inflation. Nor will they believe that such expansion was necessitated for the requirements of internal trade and not for linking the rupee to the sterling. Notwithstanding the force with which the Honourable the Finance Member tries to defend his policy with regard to gold export, it stands contradicted by the *Free Press* message sent from London on 5th February last in which it is stated that much comfort was derived in Britain from the fact that she could pay that week £30 million which she owed to France and America and in which it was also declared that the Financial Secretary said in the House of Commons that arrangements would be made to repay also £80 million to France and America when that amount would fall due in August next. The fact of the message is further confirmed by what appeared in the *New Statesman* and the *Nation*, which says that the repayment of £30 million to France and America could not have been made possible without the export of gold from India. Referring to the Financial Secretary's statement in the House of Commons that paper observed :

"But the return of £80 million will cause us a good deal of trouble unless gold continues to come from India on an increased scale".

Again, Sir, the picture of decreased customs revenue drives me to the conclusion that the revenue horse has been flogged so hard as to make it sag altogether. In this particular matter the Honourable the Finance Member's calculations and hopes have disastrously let him down. The attempt to build India's finances, when the purchasing power of the people was distinctly sinking lower and lower, on the foundation of import duties was condemned both in this House and outside it at the time of the supplementary emergency budget. The figures quoted by the Honourable the Finance Member clearly indicate that the people have been taxed beyond their capacity, with the result that the poor man has either taken to cheaper substitutes or has given up the

consumption of high-priced imported goods altogether. Kerosene and salt, like air and water, are inevitable necessities of life and any increase of revenue on these heads as a result of increased taxation must be considered as sinful gain in the prevailing distressing condition of the people. The protective tariffs in respect of some necessities of life introduced by the Government contradict the cardinal economic principle established and formulated in the *Wealth of Nations*, viz.,

"in every country it always is and must be in the interest of the great body of the people to buy whatever they want of those who sell cheapest".

High protective duties might have to some extent solved the financial stringency of the Government, but the signs are evident that they are bound to collapse to their utter disappointment.

Sir, the Honourable the Finance Member evidently feels supremely satisfied with the results which he has achieved and thinks that :

"when practically every Government in the world is having to show very heavy deficits we may justifiably regard the Indian financial situation as comparatively sound".

But I do not feel, and there is in fact no reason to feel, that his expectations of the future are more likely to be realised than had been his expectations in the past. Sir, with the purchasing power of the people, as he himself admits, woefully decreased, with customs revenue showing no signs of revival or improvement, his blunt declaration that he cannot look to the broad-shouldered to bear any more burden raises in us the apprehension that we shall have to face in the near future the alternative of fresh burdens on the masses. The Government are alone in finding ground for such optimism in such a plight of the country. There is always a silver lining to the sable cloud and Sir George Schuster has had a series of luck in the past. In the first instance, in February, 1931, when the country's finances had reached the lowest rung of the ladder, the Gandhi-Irwin Pact came as a ready relief and the great strain of the financial world of India was a little removed. Later on, in September last, when there was a further sag in the finances of the country, England went off the gold standard, and the rupee being linked to sterling, India's credit revived a little. Lastly, the flight of gold—I mean what is called "distress" gold—has saved the Government from the very brink of bankruptcy. But, Sir, such luck will not continue for ever and unless we try to cut down our expenses on the civil and military side, we shall land ourselves into virtual bankruptcy ere long.

THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, having had opportunities of studying a little more closely the expenditure side of the Government of India, particularly as a member of one of the Retrenchment Committees, I should like to draw the attention of the Finance Member to the fact that in years past it used to be a common defence of every Finance Member that he had tried his utmost to reduce expenditure and that nothing more could be done. I have heard this said with regard to the heavy military expenditure and I have heard this said even by the present Finance Member till 30th March last year, and yet we know that every time an important committee has been appointed, such, for instance, the Inchcape Committee, they have reported that there is considerable room for reduction of expenditure, a great deal of which has been given practical effect to. I

[Mr. G. A. Natesan.]

recollect very well when proposing to appoint a Retrenchment Committee of the Central Legislature, Sir George Schuster was good enough to say :

" We have tried every possible means of reducing expenditure and if I now agree to the Committee of the Central Legislature it is more to give you an opportunity to enable you to see that we have done our very best ".

As a matter of fact, he nearly hinted that we will not succeed in our attempts. I am very happy, on behalf of myself and the other members of the Retrenchment Committee, to state that the Finance Member has since found reasons for altering his opinion. On more than one occasion, he has expressed his obligations to the various Retrenchment Committees for the efforts they have made in pointing out various fields for retrenchment though in some cases he has, for reasons best known to himself, not been able to give effect to their recommendations.

I do not propose to talk about the heavy military expenditure and things like that about which I and several others have spoken so often in the past, but even a cursory perusal of the report of the Army Retrenchment Committee leaves no room for doubt that on the administrative side there is still a great and wide scope for reducing expenditure. I am sure the Honourable the Finance Member has already made note of the various points of criticism that have been made in regard to this subject, not only by the Army Retrenchment Committee, but also by Members of the other House, and I do hope he will see that every effort is made to reduce the expenses on the administrative side of the military department as much as possible.

With regard to civil expenditure, let me again state that there is still further room for retrenchment and I desire to take this opportunity to say something in support of the remarks made by the Honourable Sir Maneckji Dadabhoy, for I cannot help thinking that the Finance Member was unwise in making a sort of promise, particularly to the Services, that the cut in pay would only be temporary. I consider, Sir, that the cut in pay should continue so long as Government is unable to make both ends meet. I consider further that the present cut in pay has not been properly made, for instead of a uniform cut in pay there should have been a graded cut as has been suggested by the various Committees. Not only that ; you should not merely stop with the cut in pay of those who are now in service, but immediate and prompt attention should be given to the question of fixing the salaries of future entrants to the Services. Please remember that India is one of the poorest countries of the world and yet it has had, for years past, the costliest system of administration and while, therefore, you have thought it necessary in times of great financial stringency to make a cut in the pay of those who are now in service, I venture to think that the time has come when you should take the most effective and immediate means for fixing the pay of future entrants to the Services. I have absolutely no doubt that if the Finance Member will give facilities to the present Committee, or any Committee that he might constitute, to go into this question, he will find that the financial situation in the country will be considerably eased by the proposals which they will probably make most of which, I am sure, he will be in a position to adopt.

Sir, I have only one more observation to make and, with the indulgence of the President, who has given Members of this Council, particularly to me, to avail myself of the opportunity of the discussion on the budget to draw attention to the general condition of the country. I desire to tell the Finance Member that whatever may be your efforts to increase taxation, whatever

may be your efforts to cut down expenditure, you cannot go on with the present state of things, with your present measures of policy and administration and produce an era of peace and prosperity. You are not likely to have peace and contentment in the country unless you radically change your methods of policy and administration. You are trying the patience of this country by some of the methods which you are pursuing at present. You cannot govern a great country like this by Ordinances, and it has been proved, beyond all doubt that, with the best of intentions, even the Government cannot be sure that their officers in the provinces can administer this country without provoking the patience of the people a little too much. If you wish to have a sound financial position, you ought to ease the present situation, and you can do that only by a bold and sympathetic policy of constitutional reform. I desire to point out to the Finance Minister clearly that there is deep discontent under ground and that it requires the best efforts of all of us, who are interested in promoting the peace and prosperity of this country, to bring about better relations between Britain and India, and that everything should be done at the earliest possible opportunity to put an end to the present state of things. This is, perhaps, not the occasion to discuss the ways and means of doing this, but I did feel it was my duty to point out the danger of the present situation and the early need for removing the same.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I congratulate the Honourable Sir George Schuster and the Honourable Finance Secretary on as good and vivid a picture of the finances of India as they could place before the Legislature with all the care and attention which they have given to it. I must say, Sir, that Government have not been living within their means. I said so in Simla during the last session and I now repeat the same. The most important feature of the budget is that Government have realised that the buying power of the masses has a great and direct bearing on the finances of this country. The Government, notwithstanding the warning of the various public bodies and commercial institutions, have not paid much attention to this question. Even now, Sir, it is the duty of the Government to increase the buying power of the masses and thus let India prosper in order to let its revenues improve. I am sorry, Sir, that the present budget is a deplorable one as had been defined by my Honourable friend Sir Maneckji Dadabhoy. I have great regard for the Finance Member and I know that he has great skill in handling the finances, but I am sorry, Sir, that his voice is now generally controlled by the high authority in London. When the pound went off the gold standard, the Honourable Sir George Schuster the talented Minister made the Government of India, acting in the interests of the stability of India's credit, decide in favour of keeping the rupee linked to gold, but, Sir, unfortunately as soon as this was done, the dictation came from the Secretary of State forcing the Government of India to immediately change their decision, which I think was done more in British interests than in the interests of India. In case the rupee had been allowed to find its own level, I think the exchange would have gone down to 1s. 2d. and India would have gained considerably by making much bigger exports and thus the trade balance would have been secured in its favour by this means rather than by the means of export of distress gold. The flight of gold was allowed to restore the solvency of England. Some misapprehension seems to be prevailing among the Members of this Honourable House on the question of distress gold. My friend the Honourable Jagannath Maharaj Pandit has said that it is in the interest of the poor cultivator to sell his gold to meet his requirements. The prevention of the sale of gold has never been

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advocated; the point which has been impressed upon the Government, from time to time, is that the Government should buy this gold and inflate the currency against it, so that the resources of India may not suffer and that when the poor people regain their economic condition they may be able to buy the gold at a cheap rate. However, Sir, that is a question on which I need not dwell long.

Sir, the figures which the budget has exposed to us show that there has been a fall in the imports of almost all commodities. The import duties collected were 29 crores on 105 crores of commodities as compared with about 33 crores on commodities of valued 201 crores imported in 1929-30. Imports of cotton manufactures fell from 49.67 crores to 15.86 crores, and sugar fell down from 13.8 crores to 4.9 crores. All these figures show, Sir, that the buying powers of the masses have been so much reduced that even sugar which, in India, is a sort of necessity of life, has been given up to a very great extent.

As far as retrenchments are concerned, Sir, I must express my gratitude to the Government for accepting the substantial retrenchments recommended by the various Retrenchment Sub-Committees. I have had the privilege of serving on the General Purposes Sub-Committee and in that connection, Sir, I must say that the retrenchments effected on the recommendations of that Sub-Committee have, to my surprise, resulted in a reversal of the policy of Indianisation. Whether that is purely accidental I cannot say, but as an illustration of my statement, Sir, I want to give a few instances.

In the Survey of India Department four officers of over 30 years' service have been promoted from the second to the first class. As far as I understand, the established principle of Government in retrenchment was to dispense with the services firstly of those people who have served above 30 years and then come to those who were unfit or who were wanting in efficiency. But, Sir, the five posts which have been retrenched in the Survey of India consist of all Indians including two Moslems. Instead of retrenching or retiring the officers in class II, who had over 30 years' service, the Government has chosen to promote them to class I and not to retire them. We further find, Sir, that several Europeans or Anglo-Indians below 25 years' service have been retained; even three Anglo-Indian probationers have not been retrenched. I say this, Sir, simply to point out that the policy of Indianisation has suffered. As far as I understand, Sir, the Sub-Committees did recommend that their recommendations should not in any way materially affect the Indianisation of the Services. I do not want to dwell long on this subject, Sir, but I will cite another striking example in which the recommendation of the Sub-Committee has been refused. The Director-General of Archaeology retired some time back after 28 years' service and the Government of India gave him employment for another eight years. The Retrenchment Sub-Committee recommended that this pensioned officer should not be employed any more and that his special duty should finish. That recommendation has been totally ignored for reasons best known to Government and the officer is being retained. I cannot understand this inconsistency of the Government in applying a certain rule in one case and in ignoring that rule in another. There are many more instances supporting my statement.

Then, Sir, as regards the Public Services Commission, the Retrenchment Committee concerned made a recommendation that the posts of two Members should be reduced. On that so far no action has been taken but, Sir, as far as rumour goes the Government decision is said to be that both the officers will

continue. Sir, I should like the Honourable the Finance Member to throw some light on the subject and tell us whether this rumour is correct or incorrect.

Then, Sir, the Sub-Committee recommended that the Lee Concessions should be done away with. These concessions were considered and granted when the cost of living was abnormally high. Prices have gone down low enough now and perhaps so low as was unknown for some time past and I should urge the Government to do away with these Lee Concessions altogether. They are now an unnecessary and unjustified burden on the revenues of India. I fully endorse what my Honourable friend Sir Maneckji Dadabhoy said as regards the allowances and other concessions which ought to be made in the income-tax. The income-tax and super-tax, as they now stand, are very heavy and unbearable and we wish that until they are considerably reduced, allowances for the maintenance of wives and the education of children, as it is in vogue in England, ought to be enforced here. And also that as long as these prohibitive rates of taxation are in force the losses of one year should be allowed to be carried forward to the next year. Sir, we find that, instead of Government solving the question of unemployment, unemployment has increased. I do not want to go into the justification of throwing so many people out of employment which I believe has been undertaken as a measure of retrenchment but, Sir, at the same time, I must urge that the only other avenue left to the unemployed is to take service under the commercial, agricultural or industrial departments. As far as the industries are concerned, Sir, they are being given a setback and that setback is being caused by the newly proposed surcharge on coal freights, the import duty on machinery and the import duty on raw cotton. Even in his report the Honourable the Finance Member has not been able to convince us as to the justification and advantages of the import duty on raw cotton. He has referred, in this connection, to the fact that this duty will tend to the increase of cultivation of similar long staple cotton in India. With due deference to his opinion, Sir, I must observe that the stapled varieties of Egyptian and of Uganda cotton which the Honourable the Finance Member refers to in his remarks cannot be grown in India. I have been taking a keen interest myself in the growing and improvement of staple cottons and from my own experience and the experience of others who have worked in this direction I can assure this House that the length of staple and the quality of cotton which Egypt and Uganda produces cannot be grown and produced in India to any advantage owing to soil and climatic conditions being different.

My friend, the Honourable Sir Philip Browne, has said that Indians keep two sets of account books. I am sorry, Sir, that he has made that as a general remark. I can say, Sir, that this can only be in vogue among some very small firms.

THE HONOURABLE SIR PHILIP BROWNE: On a point of order, Sir. I did not say "Indians"—I said "merchants."

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Very well, I accept that explanation. But even then I say that most of the merchants do not keep two accounts. There are very few and those few are of a very small standing who go in for such malpractices. However, Sir, I do not want to go further into the subject but I must say, Sir, that the accounts kept by the merchants are subject to examination by the Income-tax officer and in case they suspect any account books they have got the option not to consider the account books at all when assessing the tax. I might also add, Sir, that in

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these hard times the income-tax rules require a bit of revision. Some time back I advocated on the floor of this House that in the case of big contracting firms who took big contracts and whose contracts took several years to finish, the income-tax authorities ought not to charge an arbitrary percentage, and if any arbitrary profit was thus taxed, it ought to be adjusted at the end, on the presentation of the final accounts. The Board of Revenue was good enough to issue a circular in this connection some time back, but the circular has not proved to be of much practical value. I hope that Government will issue clear instructions to the income-tax authorities that when contracts are spread over a number of years, and when proper account books are kept to the satisfaction of the income-tax authorities, adjustments in income-tax and super-tax ought to be made when the final accounts are made out, and that extra super-tax or extra income-tax, if any, which has been collected ought to be refunded, and if any extra income-tax or extra super-tax is found to be due, it ought to be realised.

Sir, I do not want to speak at length to-day because there are so many other Members who want to speak. I want only to say a few words on the political situation. I do not want to take up the time of the House with the wider political issues that face the country. There are, however, one or two observations which I must make. India is on the threshold of a new era. In preparing for this new era the Government and the people in their own way and according to their own lights are preparing for the great dawn. Government have promised to create a federal India to enable Indians to take control of the administration of their country at the earliest possible moment. For that purpose Government have given out that it would be necessary for law and order to be established. This is desirable but my fear is that in desiring to maintain law and order too much, Government may forget its other great duty of leaving a legacy of suitable reserves to the future federal Government. I hope that Government will not forget its duty in this respect. I also find that the Government have undertaken to solve the communal question. I hope that in solving this complicated and baffling question, Government will see that no party is left with any grievance and that justice, fair play, and the higher interests of India are the guiding considerations. I hope also that the decision will dispel any doubts that may have been created with regard to the impartiality of Government in protecting the interests of the various communities entrusted to their charge.

Sir, before I sit down, I should like to endorse the observations which my friend the Honourable Sir Maneckji Dadabhoy made as regards the scale of salaries for future officers and subordinates. This question has not so far received the proper consideration of the Government. I was glad to observe that whilst the debate on the Railway Budget was proceeding in this House, the Honourable the Commerce Member was pleased to say that all new entrants in the Services were being engaged on the explicit understanding that if there was any reduction in the allowances and in the scales of their salaries, they will have to accept those revised scales. I should like the Honourable the Finance Member to say how far and in what direction they are proceeding in this connection generally. I also endorse the view of my Honourable friend Sir Maneckji as regards the remarks made by the Honourable the Finance Member and His Excellency the Commander-in-Chief that at the end of the next financial year the cut in salaries will be restored. This seems very inequitable and unjust in the present circumstances of the finances of India. I hope that

Government will reconsider this question and let these cuts continue until our finances improve.

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

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

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : Sir, my Honourable friends who preceded me have spoken each in his own way splendidly and excellently about the budget speech of the Honourable the Finance Member. I myself too have to offer a few observations on the subject which I propose to do with your permission and the indulgence of the House. Sir, the one thing which strikes me most prominently about the budget speech of the Honourable Sir George Schuster is the clear and lucid manner in which he has depicted the financial and economic condition of our country and the straightforward manner in which he has expounded his own views concerning it. I have been very much anticipated by the previous speakers and as repetition cannot be allowed in this House I will restrict myself to a few topics which I think ought to be put before the House. Firstly, Sir, I think there can be no question as to the causes of the present deficits in almost all sources of revenue of India. The Finance Member has described the figures as staggering and staggering they really are. In fact, Sir, this dismal phenomenon is not confined to India alone but is general throughout the world. The different countries however have adopted methods for meeting the calamity in their own different ways and in this connection it is that I venture to submit that the Finance Member of the Government of India is possibly the only Finance Member in the whole world who has been able to present a picture such as presented to us on page 184 in his budget speech. Sir, his measures have rendered us free from the hampering necessity of exchange control; his measures have put our exchange on a stronger basis than anybody could anticipate six months ago. His measures have improved our credit, strengthened our exchange, reduced our external obligations and strengthened our reserves. His measures have improved our prospects of raising fresh loan on advantageous terms, have led to a rise in our securities and have reduced our bank rate from 8 to 6 per cent. and have benefited, generally speaking, all who are engaged in trade and industry.

Sir, this is no mean achievement and any Finance Member can claim and validly claim to be proud of it. And, Sir, under what adverse circumstances has this achievement been accomplished? Sir, in the other place and in this House also this morning I noticed my Honourable friend from Bengal accused my Honourable friend Sir George Schuster of being profuse in his promises and lacking in the performance of the same.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : On a point of order, Sir. I did not say so.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY : That is all right. But I would venture to challenge anybody to point out any substantial part of his promises which he has ever held out and has failed to perform. Sir, on the last occasion he assured us that he would carry out retrenchment to the utmost possible extent and how manfully he has performed the duty imposed

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by him upon himself will be readily apparent from a few figures which I propose to cite. My Honourable friends who are prone to cavil at the Honourable the Finance Member's speech will be surprised to know that as regards retrenchment in the country's expenditure India comes first among the civilised countries of the world and no country with economic and financial interests of the magnitude of India has come even a bad second to it in this respect. The retrenchment effected by the United States is merely an eye-wash; the retrenchment effected in France is 1/200 per cent., while the retrenchment effected by the Honourable the Finance Member in India, if I am correct in my figures, is more than 17 per cent. Sir, the effect of this retrenchment will not be confined to this year or the next but will extend to a long period of years because it is not a makeshift retrenchment made for the immediate necessities of the case but a retrenchment resulting from a change of policy which is bound to have its beneficent effect extended far beyond the present occasion. Sir, the budget debate is an occasion for reviewing the whole situation, political, economic and financial, of the country, and in this connection I would like to touch upon as highly as I may on the much canvassed topic of immediate autonomy in the provinces and immediate responsibility at the Centre. But, Sir, as a practical politician of commonsense I venture to say that without the settlement of the communal problem neither provincial autonomy nor responsibility at the Centre will be of any avail and I think that the moneys which have been wasted on the Round Table Conference proceedings would have been utilised to some more beneficial purpose if the communal problem had been settled in India before Mr. Gandhi and his brother delegates sailed for England. So long as the communal problem remains unsettled there will be no peace in this unhappy land of misery and bondage and whatever freedom and liberty we may obtain will be the freedom and liberty to fight among ourselves for our own selfish interests and the presence of the British will be a dire and imperative necessity for holding the balance.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras: Non-Muhammadan): Sir, as the Council is well aware there is nothing in the budget speech that is new or novel, nothing with which the Council is unfamiliar. The country has been bearing the effect of the Finance Member's proposals of last September—indeed, painfully bearing them in an acutely critical time as this. The budgetary position has been well and fully discussed and debated at length during the last November session. I shall therefore confine myself to a criticism of one or two statements made by the Honourable the Finance Member in his budget speech last Monday.

In the first place, let me advert to his statement that during times of financial stringency one reliable reserve for the Government lies in the taxation of the poor people's necessities of life which have, comparatively speaking, an inelastic demand. By itself the statement is quite correct. Indeed, it is an axiom in the code of taxation that the taxation of commodities which have an inelastic demand does not reduce the consumption of those commodities. But I wish to submit, Sir, that the Government of a country has a different function than that of purist in economics. It has to take note of the reduction in the purchasing power of the masses of the people caused by the taxation of their necessities of life. In the long run it has the effect of reducing the national dividend which alone is the true index of prosperity. I would therefore request the Honourable the Finance Member not to stress too much the point

that the yield from duties on kerosene and salt is proportionately greater than that from the taxation of luxuries. In this connection I would appeal to him to take the earliest opportunity to reduce the postage rates to their original level. In my opinion, Sir, the revenue derived from the enhanced rates will not augment the Government receipts to any considerable extent. On the other hand, it will have the effect of reducing the volume of correspondence. In the second place, I desire to refer to the warning given by the Finance Member with regard to the military expenditure. He said that the 46 and odd crores which has been budgeted for military expenditure should not be regarded in any sense as a standard figure for India's military estimates. He added that the cuts in pay of military officers and the postponement of the re-equipment programme have contributed to a reduction of about 2 crores of rupees and that next year when the cut is restored and the re-equipment programme is adopted the military estimates will again go up to 48 crores. If that is so, I am afraid the real retrenchment in military expenditure is neither considerable nor commensurate with the fall in prices. Apart from this, I would also urge on the Government the necessity for examining the possibility of a reduction in troops with a view to secure further economies. I confess I am not an expert in military matters, but I conceive that there is nothing sacrosanct in the present number of troops and that it can be reduced to a much smaller figure consistent with the safety for the defence of our Indian Empire.

One word more and I have done. I must congratulate the Honourable the Finance Member for the foresight and caution with which he has piloted the financial barque of our country through troublous seas. Lean years have fallen upon India in quick succession and with his watchfulness, prudence and sound judgment he has enabled her to emerge from her trials better and brighter for all the troubles she has undergone.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians): Sir, I congratulate the Honourable the Finance Member upon the budget that he has presented to us. He expects a surplus of two and odd crores next year, and I hope his expectations will be fulfilled. Sir, it has been usual in this House to attack the military expenditure as being unduly heavy. Instead of following the hackneyed course adopted by others, I would confine myself to this observation that the strength of the Army in this country is unnecessarily high and that so far as India's defences are concerned I do not think that we should have such a large standing army. Sir, this is not my private opinion. As I said last year, I rely upon the statements of eminent statesmen. It is but fair that when the Army is to be maintained at this strength for the benefit of the whole Empire, I think at least 25 per cent. of the cost of the Army should be borne by the British Exchequer.

Sir, coming to specific items in the budget, I would, as I submitted last year, say that a high tariff does not necessarily mean a large volume of business. As has been pointed out by the Honourable the Finance Member, the volume of trade has considerably declined. We are practically carrying on only 50 per cent. of the trade that we were carrying on some time ago. It is better to have a low tariff and a large volume of business than having a high tariff and a small volume of business because a large volume of business means the circulation of more capital and the employment of more labour, and I hope the time will soon come when the high tariffs will give place to lower tariffs.

Then, Sir, coming to income-tax, we feared that when the taxable minimum was reduced to Rs. 1,000 the establishment charges would go up. Well, our fears have now been realised and the Honourable the Finance Member wants

[Sir David Devadoss.]

18 lakhs of rupees for additional staff for assessing or considering the assessment of 300,000 more people. What I feel is that when other departments are retrenching very severely their establishments, it is strange that the Income-tax Department should ask for an increase. Of course, there is justification for their asking for additional staff, but the question is whether this increase could give more efficiency and would show a return which would be really worth the expenditure. If you increase the establishment only for a temporary period, you will be engaging a number of people who, when thrown out, will bitterly complain against the Government. My experience of people who have been thrown out of Government employment is that they abuse the Government as much as possible. If you take hundreds of people now in the lower establishment and after a year or two ask them to go out, they will say they have been very badly treated and I fear they will join the disaffected. Another difficulty is this. Small men and small retail traders will be roped in and these new staffs will try to prove that they earned taxable income in order to justify their retention in service. That I believe would lead to very unjust assessment, and, I am afraid, Sir, that in those circumstances there will be a lot of discontent—it may be justifiable, it may be unjustifiable, but I am sure it will give rise to a lot of trouble in the country. I would therefore ask the Honourable the Finance Member to seek some other means of finding income than by sticking to this taxable limit of Rs. 1,000. If we go back to the old order of things, I think everything will be satisfactory. In this connection I wish to observe that the Income-tax Department is a highly paid department. There was a time, Sir, not within the memory of the present Finance Member, but more than 10 or 12 years ago when the Collector of the district and his subordinates used to do all the income-tax work; the tahsildar used to assess people earning incomes up to Rs. 2,000; those getting more than Rs. 2,000 were assessed by the Deputy Collector, and the Collector heard appeals against such assessments, and I believe there was also an appeal to the Board of Revenue. Now, Sir, if you look at the figures of the last two years you will find that the cost of collection has been mounting up steadily and for the next financial year 1932-33 about 83 lakhs are required. You will find from the figures given in the Explanatory Memorandum that the income has not been moving up at that rate. The collections do not at all justify this enormous expenditure on the establishment. I would ask the Finance Member to consider whether he could not go back to the old order of things under which a Collector, with his tahsildar, did the income-tax work. And so far as my Presidency is concerned, the Collector has not got much work to do now. There was a time when he was in charge of almost all the departments of Government. He was even the head of the Registration Department, Forests, and so on. Now he is deprived even of the district board work. Well, why should he not be given some work to do as an Income-tax officer? This I suggest, Sir, not merely in the interests of economy but in the interests of the assesseees themselves. The Collector and the tahsildar have means of knowing the income of the people because they have to deal with them in so many ways as revenue officers.

Then, Sir, with regard to postal rates. I complained last year, Sir, that postal rates ought not to be raised to a point which would make it difficult for ordinary people to carry on correspondence. One who knows the mentality of the Indian people would know that they would rather not write a letter than write one and when they find that the postal rate is high they shirk writing at all. And I think—though I am not a Cassandra—the Honourable the Finance

Member will find from next year's figures that I am not far wrong. And I would, therefore, ask him to go back to the three pie postcard and the half-anna letter postage. A quarter-anna postcard will certainly induce people to write as often as possible.

Then, Sir, one word about the Telegraph Department. This department is a commercial department. One would naturally expect a commercial department to be a paying concern but the Telegraph Department has not been a paying concern. On the other hand, it has been a losing concern. Well, no doubt the Retrenchment Committee has gone into the matter and the Honourable the Finance Member promised that further reductions would be made, but we should not only reduce the cost of establishment ruthlessly but we should also find means of increasing the income. In this connection may I suggest—though the whole Press of India may abuse me for it—that press telegrams should be charged more than they are charged now, because we find all sorts of news being published in the papers and we get all sorts of telegrams—certainly people could do with a little less of the stuff that is being given to them every day. Therefore, I think the cost of press telegrams may be raised, not necessarily to the level at which it stood some time ago, but at least to a higher level than it is at present.

The Honourable the Finance Member suggests, for increasing the revenue, a tax on kerosene, betelnut and spices. Sir, if he had said that tobacco ought to be taxed I would certainly have been with him. I think he may consider an excise duty on tobacco would be a productive source of income; instead of trying to raise revenue from betelnut and spices, which are the only luxuries of poor people, he should try to raise revenue from the luxuries of well-to-do people. As far as kerosene is concerned, that is very necessary for the comfort of the poor people and I do not think, Sir, that the duty on kerosene should be raised.

As I have given notice of two Resolutions, which are coming up next week, I do not want to speak about them, but I would ask him to consider whether he could not get a good income from income-tax on pensions paid out of India and also by raising a revenue from cheques. Sir, I shall show, on Monday, that he could at least get 50 to 60 lakhs from these two sources.

In conclusion, Sir, I would observe that the Honourable the Finance Member has done his best to retrench wherever possible and also not to tax the people unduly. But what some of us fear is that matters may not stand here. We may have to revise the budget in the course of the year or we may have to frame a new budget next year with additional taxation. What we are anxious about is that there should not be any additional taxation and that taxes which weigh heavily upon the poor people should be lightened as much as possible.

THE HONOURABLE RAJA BIJOY SINGH DUDHORIA OF AZIMGANJ (Bengal : Nominated Non-Official) : Sir, I want to say a word or two about the income-tax and the way in which it is going to be carried out by the income-tax assessors. In my opinion this department should be abolished; the subdivisional officer should be in charge as he was before; the District Magistrate should be put to look after it and the Divisional Commissioner should be the Commissioner of Income-tax. That will save a lot of expense and the work will go on more smoothly.

Secondly, about postage stamps. All I want to say is this—that these should be brought to the former scale, and some tax should be levied on all

[Raja Bijoy Singh Dudhuria of Azimganj.]

country boats as well as on fishing boats which are not taxed at all—I hope that will give us a good income to cope with the deficiency in the budget.

In conclusion, I congratulate the Honourable the Finance Member who has tried his level best to make the budget as good as possible.

THE HONOURABLE SIR GEORGE SCHUSTER (Finance Member): Sir, at the outset I would like to thank all those who have spoken for the moderation with which they have dealt with me in attack and for the friendliness which they have shown me in support. I would also like to tender a word of thanks to those who have not spoken at all. Sir, it is always somewhat of a relief to come into the quiet atmosphere of this House after the skirmishing in the other House. One hears heavy artillery booming and one also has the unexpected pleasure of hearing a few guns fired on one's own side. Among those who spoke in attack I might select my Honourable friend from Bengal, Mr. B. K. Basu, who opened the debate. I confess that I share the feelings of surprise of my Honourable friend on my right from Nagpur at the tone in which he spoke. His utterances reminded me rather of those of a Hebrew prophet. Sir, it is easy for those who are in opposition to play the role of Jeremiah but I venture to think that Jeremiah would have been an exceedingly bad Finance Member. I doubt very much whether if he had had to live through an economic crisis of this kind he would have been able to secure the survival of his country. Sir, it is no use being too pessimistic in these times nor is it any use ignoring realities. I am sure my Honourable friend when he spoke was fully conscious of all those considerations which were advanced in the very excellent speech, if I may say so, made by my Honourable friend Sir Maneckji Dadabhoy. He must have been fully conscious of the fact that 95 per cent. of the economic results, the financial results, which we see in India to-day are due to world causes. What is actually the problem which is facing every country to-day? It is this, that having based their expenditure on a scale of values which prevailed after the war, they have suddenly been faced with such a catastrophic fall in prices as the world has never seen. It is fair to say that every rupee of expenditure which is being incurred to-day and which is based on post-war levels represents really Rs. 2 of real burden on the country as compared with what it did 10 years ago. I quoted myself in the opening passage of my own budget speech the figures for the country's trade. In comparison with the trade only two years ago—not even going back to years of boom or prosperity but only going back two years—our values of trade are reduced to a half of what they were before. For the first ten months of this year exports were down to about 135 crores against 265 crores two years ago; imports were down to 105 crores against 201 crores only two years ago. Values have simply dropped to a half and that means that the burden of expenditure expressed in terms of goods is twice as heavy as it was two years ago, and the task of raising revenue to meet the expenditure is twice as difficult. It is quite obvious that the Government of a country cannot catch up a difference of that kind all at once. Indeed, I think it is not going too far to say that to catch it up altogether is quite impossible, and that if we were to continue on the present level of prices every country in the world would be faced with financial ruin—or rather every country in the world would be faced with the necessity for adopting courses which would mean departing altogether from the present economic system. That, Sir, in brief is the position. And what we have to consider now is, what can a Government fairly be expected to do in such circumstances? I maintain that what we have done stands favourable comparison with what has been done by any country in the world to-day.

It is impossible suddenly to cut down your expenditure by a half, which is in a sense what might really be necessary to meet the rise in the value of money or the fall in prices of goods. What we have got to do is to attempt to make both ends meet, partly by increasing the burden of taxation and partly by reducing expenditure, and if we find that our efforts have not been sufficient, then these efforts must be continued. But—and this is a point that I want to make—you cannot expect a country to support the effort which is necessary until the necessity is proved. My Honourable friend Mr. Natesan speaking this morning made a remark which struck me as being quite a legitimate criticism. He referred to what had been said before as to the possibilities of retrenchment. He quoted predecessors of mine. He quoted myself as having said that substantial retrenchment was really practically impossible. What I want to put to him is this. I myself as a matter of fact never said that retrenchment was impossible. What I did say was that retrenchment on a large scale without definite changes in policy was impossible, and what we have done in the budget this year does very largely represent changes actually in policy. For instance, we have cut out whole services like Civil Aviation. But my point is this that it is not until a country is absolutely faced with the necessity that you can get these changes through. Although he may legitimately comment on one side in that way, it is a very poor recompense to those who have made the effort to be told, "Well, you told us before that the result which you have now achieved was impossible." I am not in the least embarrassed by anything that I have ever said to this effect in the past on this matter. Retrenchment on the scale which we have accomplished was in practice impossible until the necessity for such drastic measures was clearly demonstrated. And here I would like to repeat the tributes which I have paid to the various Retrenchment Sub-Committees for they have partly by their hard work helped us in discovering means for retrenchment but much more, by their support and the way in which through them we felt we have had the support of public opinion, they have strengthened our hands in carrying out those changes in policy which were necessary to effect that retrenchment. I have entered upon this line of speech for a special reason. I want to put it to the House that if further efforts at retrenchment are proved by dire necessity to be required, then those efforts will be made. I do not quarrel with any of those speakers who have said that in spite of our estimates showing a surplus this year we cannot claim to have yet fully weathered the storm or to have landed the ship safely in harbour. The storm still continues; a great part of the voyage still remains to be accomplished. I think we can congratulate ourselves on having weathered the worst part of the storm and having the ship in better trim than it was when the storm began. But the weather still wants watching, the ship still wants steering, and if necessary further measures may have to be taken before we reach our final port. Personally I think we have seen the worst. I think that we are justified in the estimates which we have put forward this year and I feel absolutely assured that our position is, as I said in my budget speech, as sound as it can reasonably be made at the present time, and much sounder than the position of practically every other country in the world. I would like to remind my Honourable friend from Bengal, when he inveighed against our present position, that the United States is actually showing deficits for the three years 1931, 1932 and 1933, of over 4,400,000,000 dollars. That is the sort of problem which other countries have to face and their resources for dealing with the situation are infinitely greater than ours, and it would have been far easier for them to deal with it. I need go no further than that single example. I need not go to other countries of Europe to show how in comparison with them our position is one of brilliance.

[Sir George Schuster.]

But I may perhaps refer to one other country, Australia. There they had to face a problem in some ways analogous to ours because Australia is an agricultural country mainly. But their problem was rendered much more difficult by the fact that their financial policy for the preceding 10 years had not been an entirely sound one, particularly as regards capital expenditure and the raising of loans. They have faced their problems and in spite of dangers which showed up in a rather threatening way—dangers of popular disagreement—they have rallied the nation to facing the problems and to putting the country on a sound financial basis. But if anyone thinks that India is being asked to bear sacrifices now I would ask him to study what Australia has had to do in order to put her financial house in order, and I think he will come away from that study convinced of one thing and that is that we in this country have not yet begun to learn what hard times mean or what real financial sacrifices mean.

Now, Sir, I would like to take one or two points that were mentioned in debate. My Honourable friend on my right in his speech made reference to two points on which I feel it necessary to say something. He criticised the Government for having made the cuts in pay on a temporary basis. He went on to say—and the remark was repeated by other speakers—that we had definitely undertaken to restore those cuts on March the 31st, 1933. We all of us hope that the economic situation will be such that it will be possible to restore those cuts; but we have certainly given no sort of undertaking on the matter. What we did say was that if the cuts were to be extended beyond that period it would be necessary that the economic situation should be reviewed and we made it clear that the restoration of cuts would take a high place in priority in the relief of burdens when the economic situation justified the relief of burdens. But what it really comes to is this, that the economic situation will have to be reviewed during the course of this coming year and the question whether the cuts have to be extended beyond March 31st, 1933, will have to be reconsidered and decided according to the economic situation of the country. I want to make that quite clear. Then, my Honourable friend—and other speakers also—referred to the question of economy in the future, and particularly to the scaling down of pay for future entrants into the Government service. There again the Government of course is alive to the need for tackling that question. The first step which we took was to issue orders with effect from the middle of July last that new entrants to posts under the control of the Government of India were to be taken on only on a provisional footing, and with no right to continue on the existing rates of pay or other conditions of service. They all know that if the conditions of service are altered their conditions would have to be altered with them, so that we are not accumulating any further burdens on account of people whose conditions of service we shall be unable to touch. The question that lies behind that, the question of a permanent revision of the present scales of pay for the various classes of Government servants is one, as I am sure Honourable Members will appreciate, of very great complexity. It is of very great complexity because you cannot deal with one class of Government servants without affecting the others; they must bear some relation one to the other. The question has been engaging the attention of Government ever since last autumn, and we have reached the stage of devising model scales of pay which have now been considered by the various departments of Government. We are in fact only awaiting the conclusion of the business of this session and the completion of giving effect to the various retrenchment measures which have been decided upon during the year, to tackle this question of making a permanent revision

in the scales of pay for future entrants. In the meanwhile I would remind the House of what I have just said that we are not losing anything by the delay, because everyone who is taken on during this present interval is acquiring no fresh rights. That, Sir, I think is an important point and I am glad that it should have been raised in this debate.

Then, as the reverse to the side of the picture which I have touched upon in dealing with possible restoration of cuts in pay, I might refer to what was said by my Honourable friend Sir Philip Browne about the abolition of the surcharges. He complained that I had said nothing in my speech conveying any promise that those surcharges would be removed at the end of this year. It would be impossible for me to give any sort of undertaking of that kind, for that again—just as in the case of restoring cuts in pay—must depend entirely on the economic situation. What we will have to do in any case during the current year is to watch very carefully how the various surcharges are operating, and it may be that in certain cases we shall have to revise our scales of duty—not as a measure of relief but as a measure for obtaining additional revenue if we are convinced that by keeping duties too high we are actually losing revenue. Whether we shall be in a position to give relief or not at the beginning of the next financial year is a question on which I should not venture any opinion to-day. We must all live in hope. I think we are fairly entitled to hope that some relief may be possible, but beyond that nobody who carries any sort of responsibility could possibly dare to go.

I am grateful to my Honourable friend, to whose speech I have just been referring, for his favourable comment on the success of our loan policy in the past year. That, if I may say so, is a matter which tends to receive too little attention in the consideration of Government's financial position. And I do think that it is a matter of congratulation for ourselves, and also a matter which indicates that the position in the country is not quite so bad as some of the critics of Government would like to persuade themselves that it is. It is a matter for congratulation that for the past three years in circumstances really of extraordinary difficulty we have, by adopting first one means and then another, succeeded in raising in rupee loans from the country a good deal more than we ever expected to do. Two years ago, the year before last, we had to bring out our loan at the very height of the civil disobedience movement, when those who organised the attack on Government were doing their best to persuade the people of this country that it was an unpatriotic thing to invest in Government loans and that the security which we had to offer was valueless. On that occasion we realised very nearly 30 crores of genuine cash, while last year at the very depth of the economic depression we were able to raise again in genuine cash, and not from the professional money markets at all, very nearly 17 crores. I do think that that affords extraordinary evidence of the inherent financial strength of the country.

Then, Sir, again my Honourable friend from Calcutta spoke on the question of income-tax evasion and there what he said and what he was pleading for is distinctly inconsistent with what was said by certain other speakers. While he pleads for more effective collection, others, greatly to my surprise I must confess, have approved as advocates for the old system when Government really had no properly organised Income-tax Department at all. We feel, on a full examination of all the statistics, absolutely convinced that it has paid to improve the organisation of the Income-tax Department. It is no use quoting the figures of the income-tax collected and saying that the cost of collection has gone up at a greater rate than the amount of tax collected because the amount of tax collected depends entirely

3 P. M.

[Sir George Schuster.]

upon the level of economic prosperity of the country. We are quite sure from these carefully prepared statistics that we are getting a very much better recovery now than we did ten years ago, and that it is very important to organise the Income-tax Department properly. I confess that I myself am very doubtful whether the economies to which we have agreed in the Income-tax Department are really wise economies and whether we shall not in the end lose money as a result; but we have followed the recommendations of the Sub-Committees and we have tried to give effect to what we understood was the popular demand in that respect as well as in others. We shall however have to watch the situation very carefully, and see whether we are not losing more than we are justified in losing as a result of these economies. We are certainly ready to follow up any suggestions as regards checking evasion of income-tax and I hope to have a meeting with the group to which my Honourable friend belongs before the end of this session to discuss a number of details. He made one particular suggestion, namely, the suggestion for the stamping of account books and providing that no book which was not thus stamped by an income-tax official should be available as evidence in a court of law. That is a suggestion which we have already considered, and there are one or two other points which are worth following up. We are certainly going to do everything that can be done in that direction. Then, Sir, one other speaker referred to the lowering of the income-tax limits and the unfortunate necessity of increasing our income-tax staff as a result. That is a result of course which we always foresaw and we always put it most clearly before the Legislature when we put our original proposals forward. It was obvious that if we were going to add 350,000 new assesses to the income-tax paying classes of the country, practically in fact doubling the number of assesses as a result of lowering the income-tax limit to Rs. 1,000 per annum, that we could not continue to do the work of assessment with our existing staff. We anticipate having to spend about 18 lakhs per annum on that additional staff, which when one considers the actual cost of the Income-tax Department is actually offset by about 6 lakhs of economies; so that the increased expenditure is about 12 lakhs. We always knew that it would be necessary, but as the extra 18 lakhs of expenditure is likely to be balanced by considerably more than 100 lakhs of revenue, the country gains substantially on the balance. My Honourable friend made a particular point of the undesirability of this course because he assumed that the staff would be engaged on a temporary basis only. It is of course our intention only to take them on on a temporary basis to start with, but I cannot let his remark pass without some comment, for otherwise it would be taken to imply that I anticipated an early change in that particular feature of our income-tax collections. It is impossible to say now where relief will come and what relief it will be possible to give on any improvement of the economic situation. But we shall have to watch the results very carefully and I think it may well prove that at any rate while conditions remain at all approximate to what they are to-day, and unless there is quite a revolutionary improvement in the economic position, it may well be found that the extension of the income-tax down to Rs. 1,000 per annum is a justifiable feature in the system of taxation in this country. That, as I say, is an issue which will have to be decided upon when we come to review conditions next year.

Sir, I think I have touched on all the points which appeared so important that I should say something on them. Obviously as the financial position has been very fully discussed, much more fully than usual, this year, the present debate lacks something of its usual interest. One can indeed judge from the

length of the speeches which have been made that most people think that enough has been said about it for the present. Let us therefore leave the subject now with good hopes for the future—hopes that when we meet again next year to review the position we shall be able to point to achievements in the past and to better prospects for the future.

PUBLIC SUITS VALIDATION BILL.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, I beg leave to introduce a Bill to validate certain suits relating to public matters. Sir, Honourable Members are aware that for the institution of what is known as public charity suits in the Presidency-towns the consent of the Advocate General is necessary, and in other places the consent of the Collector of the district or any other officer authorised by the Local Government is necessary, under the Civil Procedure Code. Recently the Privy Council has held that with regard to places other than Presidency-towns the sanction of the Local Government to each particular suit will be necessary and that the general authority given to the Collector is not enough. This decision is contrary to the practice which has prevailed in this country ever since the Civil Procedure Code was enacted. The view taken by all the Local Governments hitherto has been that the general sanction given to the Collector to consent to the institution of a suit was enough. Following this practice a large number of suits were instituted, but by reason of the decision of the Privy Council all these suits are liable to be dismissed. Such dismissal will cause very great hardship. It is in order to save such pending suits that this Bill has become necessary. Sir, at this stage, I need not explain the various sections of the Bill. I move.

THE HONOURABLE THE PRESIDENT: The question is that leave be given to introduce a Bill to validate certain suits relating to public matters.

The motion was adopted.

THE HONOURABLE SIR BROJENDRA MITTER: Sir, I introduce the Bill.

DATE FOR THE ELECTION OF SIX MEMBERS TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: Nominations for the election of Members to sit on the Central Advisory Council for Railways were received up till noon to-day. The following Honourable Members have been nominated:

- The Honourable Diwan Bahadur G. Narayanaswami Chetti.
- The Honourable Mr. Syed Abdul Hafeez.
- The Honourable Mr. Jagadish Chandra Banerjee.
- The Honourable Rai Bahadur Lala Ram Saran Das.
- The Honourable Sardar Charanjit Singh.
- The Honourable Sir David Devadoss.
- The Honourable Mr. Mahmood Suhrawardy.
- The Honourable Mr. Hormusji Maneckji Mehta.
- The Honourable Mr. Satyendra Chandra Ghosh Maulik.
- The Honourable Saiyed Mohamed Padshah Sahib Bahadur.
- The Honourable Rai Bahadur Lala Jagdish Prasad.

[11TH MAR. 1932.]

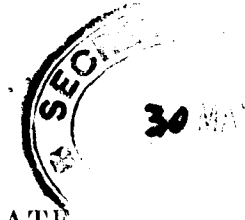
[The President.]

There are eleven names in all and only six vacancies, and therefore there will have to be an election. Before I decide on what date the election should take place I should like to ask the Leader of the House if he can tell me whether Government will have any business to bring before the Council next Wednesday, the 16th.

THE HONOURABLE SIR BROJENDRA MITTER (Leader of the House): I do not think, Sir, there will be any business next Wednesday.

THE HONOURABLE THE PRESIDENT: Then the election had better take place at the end of the non-official business on Thursday. The agenda for that day is not a very long one. Unless withdrawals of nominations are numerous between now and then the Council, I think, may take it for certain that the election will be on the principle of proportional representation by means of the single transferable vote.

The Council then adjourned till Eleven of the Clock on Monday, the 14th March, 1932.



COUNCIL OF STATE.

Monday, 14th March, 1932.

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

STATEMENT *RE* DRAFT CONVENTION AND RECOMMENDATIONS
CONCERNING THE PROTECTION AGAINST ACCIDENTS OF
WORKERS EMPLOYED IN LOADING OR UNLOADING SHIPS
ADOPTED BY THE INTERNATIONAL LABOUR CONFERENCE
AT ITS TWELFTH SESSION HELD IN 1929.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): On the 15th July, 1930, this House adopted the following Resolution moved on behalf of Government:

"This Council having considered:

- (1) the Draft Convention concerning the protection against accidents of workers employed in loading or unloading ships;
- (2) the Recommendation concerning reciprocity as regards the protection against accidents of workers employed in loading or unloading ships; and
- (3) the Recommendations concerning the consultation of workers' and employers' Organisations in the drawing up of regulations dealing with the safety of workers employed in loading or unloading ships;

adopted by the International Labour Conference at its Twelfth Session recommends to the Governor General in Council that he should examine the possibility of giving effect to the above Convention and the Recommendations and that the results of this examination should be placed before the Council within eighteen months from this date."

2. The Government of India consulted the Local Governments and through them the Port Trusts and commercial bodies as to the desirability of ratifying the Draft Convention and accepting the Recommendations referred to in the above Resolution. The replies received showed that the weight of opinion was in favour of the Draft Convention being ratified and the Recommendations being accepted. After considering the replies the Government of India came to the conclusion that the Draft Convention should be ratified and the Recommendations accepted on behalf of India and that necessary legislation should be undertaken to give effect to them. Subsequently, however, they received intimation from the International Labour Office that certain Governments had met with difficulties of a practical nature when considering the question of ratifying the Convention, and had approached the Office with the suggestion that, in order to remove these difficulties, the Draft Convention should be modified. An examination of the points of difficulty raised by the Governments referred to above showed that similar difficulties would arise in India and that the amendments to the Draft Convention suggested by the Governments in question would remove them. In the circumstances the Government of India decided to postpone the question of introducing legislation to give effect to the Draft Convention till the decision of the Governing Body of the International Labour Office on the proposal for the revision of the Draft Convention had been received.

[Mr. J. C. B. Drake.]

3. The Government of India have now received intimation that the Governing Body of the International Labour Office have placed the question of the partial revision of the Draft Convention on the Agenda of the Sixteenth Session of the International Labour Conference which is to open at Geneva on the 12th April, 1932. In the circumstances the Government of India propose to await further developments before taking any further action regarding the ratification of the Draft Convention and the acceptance of the Recommendations.

MOTION FOR THE ELECTION OF TWO NON-OFFICIAL MEMBERS TO THE STANDING COMMITTEE TO ADVISE ON SUBJECTS, OTHER THAN "INDIANS OVERSEAS—EMIGRATION" AND "HAJ PILGRIMAGE", DEALT WITH IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member): Sir, I move:

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, two non-official Members to serve on the Standing Committee to advise on subjects, other than 'Indians Overseas—Emigration' and 'Haj Pilgrimage', dealt with in the Department of Education, Health and Lands."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: In regard to that motion I direct that the nominations shall be received up till 11 o'clock on Thursday, the 17th of March.

PUBLIC SUITS VALIDATION BILL.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, I move that the Bill to validate certain suits relating to public matters be taken into consideration.

Sir, as I explained while introducing this Bill, this measure is rendered necessary by reason of a recent judgment of the Privy Council. Ever since the Civil Procedure Code was enacted all Local Governments took the view that in charity suits a general sanction given to Collectors was enough and it was for the Collector to consider each particular suit in giving his consent. But the Privy Council has held that in each particular suit the Local Government has to give its sanction. A general sanction was not enough. Following the practice which has prevailed in this country for many years a large number of suits were filed with the consent of the Collector who acted under the general sanction, but, under the recent ruling of the Privy Council, all these suits are liable to be dismissed, because, particular sanction by the Government was not given to each suit. In order to save these pending cases this measure is necessary. Sir, I move.

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR BROJENDRA MITTER: Sir, I move that the Bill be passed.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal: Nominated Non-Official): Sir, I congratulate the Honourable the Law Member for having brought this Bill, because there are a large number of suits which are pending in various provinces, which will be affected, as explained by the Honourable the Law Member, if this Bill is not passed into law. One of these suits is pending in my province—I mean the Tarakeshar Temple suit—and only this morning I read in the papers that in a pending appeal in that suit application had been made in the Calcutta High Court to have the suit dismissed on this very ground, and the date that has been fixed for the hearing of that application is 18th April. I only hope, Sir, that this Bill will be passed during this session, so that suits of that nature might not be dismissed for no fault of the parties. I have still more to congratulate Government, because they have so promptly taken up the suggestion which I am proud to say was made to them from a non-official source for a Bill of this kind: I believe as a matter of fact a draft non-official Bill was sent up to Government by the representative of Calcutta in the Legislative Assembly—Mr. Charu Chandra Biswas. I hope, Sir, that this House will pass this Bill, and I hope also that the same will be passed by the Legislative Assembly without much delay.

The motion was adopted.

ELECTION OF THREE MEMBERS TO THE STANDING COMMITTEE FOR ROADS.

THE HONOURABLE THE PRESIDENT: With regard to the election of three Members to serve on the Standing Committee for Roads, owing to the fact that one Honourable Member has withdrawn his nomination, there are now only three candidates and I have to declare them duly elected. They are:

The Honourable Mr. Ernest Miller.

The Honourable Mr. Bijay Kumar Basu.

The Honourable Mr. Hormusji Maneckji Mehta.

RESOLUTION RE LEVY OF INCOME-TAX ON ALL PENSIONS AND COMPASSIONATE ALLOWANCES PAID OUTSIDE INDIA.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians): Sir, the Resolution that stands in my name reads as follows:

"This Council recommends to the Governor General in Council the levy of income-tax under the Income-tax Act on all pensions and compassionate allowances paid outside India."

Sir, in bringing forward this Resolution my object is not to subject anybody to any hardship but to add some amount to the revenues of India.....

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal: Nominated Non-Official): Without harming anybody?

THE HONOURABLE SIR DAVID DEVADOSS: Without harming anybody, excepting those who are not resident in England. Before I answer my friend the Honourable Mr. Basu's question I shall deal with the subject

[Sir David Devadoss.]

in the way I wish to do. Under the English Income-tax Act, any income-tax paid in the Dominions is deducted from the amount payable under the Act. Sir, this is provided in the Finance Act of 1920, as amended by the Act of 1927. Section 27 of the Finance Act of 1920, as so amended, is in these terms :

"If any person who has paid, by deduction or otherwise, or is liable to pay, United Kingdom income-tax for any year of assessment on any part of his income proves to the satisfaction of the Special Commissioners that he has paid Dominion income-tax for that year in respect of the same part of his income, he shall be entitled to relief from United Kingdom income-tax paid or payable by him on that part of his income at a rate thereon to be determined as follows :

(a) if the Dominion rate of tax does not exceed one-half of the appropriate rate of United Kingdom income-tax, the rate at which relief is to be given shall be the Dominion rate of tax :

(b) in any other case the rate at which relief is to be given shall be one-half of the appropriate rate of the United Kingdom income-tax."

Sir, the tax that is levied here does not come up to even half of the English income-tax payable under the English Act. It is 5s. in the pound, if I am not mistaken. It used to be 4s. 6d. in the pound.

THE HONOURABLE MR. BIJAY KUMAR BASU : What about the different allowances ?

THE HONOURABLE SIR DAVID DEVADOSS : The word " Dominion " need not frighten us because it does not mean a self-governing Dominion. It applies also to India. I rely for this upon the well-known book of Konstam, and I will read a passage from page 26 :

"These provisions are not confined to self-governing colonies; the word ' Dominion ' means any British possession or protectorate or any territory for which any Government in the Empire exercises a mandate; and ' Dominion income-tax ' means ' any income-tax or super-tax charged in any Dominion, if that tax appears to the Special Commissioners to correspond with United Kingdom income-tax ' which includes super-tax."

So, then, persons who are resident in England will be entitled to relief under section 27 of the English Finance Act of 1920. No doubt people who are not resident in England, but who are resident either on the Continent or in the Free State of Ireland may not get any relief, but I do think we need waste no sympathy on those people because they escape the British income-tax. Now, the amount that is paid out, according to the account ending March, 1931, is Rs. 2,56,52,915. Calculating income-tax on that at the rate of one anna for the rupee, which is the rate for incomes between Rs. 10,000 and Rs. 15,000.....

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : The rate is much more now.

THE HONOURABLE SIR DAVID DEVADOSS : we shall get Rs. 16 lakhs. No doubt in some cases the pension may not come to Rs. 10,000, but there are other pensions which would work out to more than Rs. 10,000. For instance, a Judge of the High Court, if he has served his full term, gets £1,200 a year. So, on a rough calculation we shall get at least Rs. 16 lakhs.

The relief does not depend upon reciprocity. Even if there is no reciprocity the English Act gives relief. As Mr. Konstam says :

"They apply to cases where a reciprocal arrangement has been made with a Dominion as well as those where such an arrangement has not yet been made, but may be made in the future."

We need not feel any apprehension on that score, for section 49 of our Act gives relief in respect of tax paid outside India. Section 49 is in these terms :

"If any person who has paid Indian income-tax for any year on any part of his income proves to the satisfaction of the Income-tax officer that he has paid United Kingdom income-tax for that year in respect of the same part of his income, and that the rate at which he was entitled to, and has obtained, relief under the provisions of section 27 of the Finance Act, 1920, is less than the Indian rate of tax charged in respect of that part of his income he shall be entitled to a refund of a sum calculated on that part of his income at a rate equal to the difference between the Indian rate of tax and the rate at which he was entitled to, and obtained relief, under that section :

Provided that the rate at which the refund is to be given shall not exceed one-half of the Indian rate of tax."

Sir, this answers my friend Mr. Basu's question. The people in England will not at all suffer. The people who will be affected will be the people who are resident on the Continent or in the Free State of Ireland. As I said, Sir, with regard to these we need not waste any sympathy because they probably live outside Great Britain in order to escape British income-tax.

I do not think I need labour this point. Sir, seeing that we are hard up now and that every pie is important to us, it is but fair that the Government, instead of benefiting the British Treasury which they are now doing, should find their way to enrich us to the extent of Rs. 16 lakhs. As regards the mode of paying the pension, the mode adopted by the Dominions can easily be adopted, and I would suggest another way, the pensions may be paid in India and the banks may be asked to make remittances to persons resident in England and on the Continent and elsewhere. With these remarks, Sir, I beg to move the Resolution.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary) : Sir, the usual criticisms directed against Government systems of taxation are generally in the direction of reduction of taxation, and it is somewhat rare to find such a proposal as the present put before the House for a substantial increase. I am obliged to my Honourable friend for his solicitude for the revenues. The same question was brought up by the General Purposes Sub-Committee, of which my Honourable friend Rai Bahadur Lala Ram Saran Das was a prominent member. They recommended that the existing exemption from Indian income-tax of pensions and leave salaries paid at home should be abolished on the ground that they saw no reason why it should continue, and further that, if it were abolished, the Indian revenues would benefit to the extent of, I think, Rs. 50 lakhs. They were dealing with leave salaries as well as pensions. My Honourable friend Sir David Devadoss mentioned the figure of Rs. 2½ crores as paid for pensions at home, but that, I think, refers only to the civil side. There is an additional Rs. 4 crores paid on account of military pensions at home, which would also come under this proposition. Government have therefore examined the question very closely in connection with the recommendation of the General Purposes Sub-Committee and they have examined it under two heads, whether it would be legal to impose Indian income-tax on pensions paid at home and also, if it were legal, whether such action would be desirable. As regards the first point, there are three classes of pensioners to deal with, those who are already drawing pension, those who are at present in service and will draw pension later, and future entrants to the Services. Now, Government are informed that the Indian income-tax law does not run outside British India and therefore the direction contained in section 18 of the Act, which relates to the deduction of income-tax by persons disbursing pay, etc.

[Mr. A. F. L. Brayne.]

does not apply to the authorities who disburse pensions at the India Office or in the High Commissioner's Office. When the pension is fixed in sterling and the recipient is not living within the jurisdiction of the Indian Legislature that law-making authority cannot legislate to make a provision for deduction of Indian income-tax by an officer disbursing pensions at home. This would amount to making a law for a person outside British India and this would be *ultra vires* of the Indian Legislature under section 65 of the Government of India Act; nor could it be made a condition of service for new entrants to any service that their sterling pensions in future would be liable to Indian income-tax. You may make the provision, but there is no machinery that can be evolved for collecting Indian income-tax in England. This could only be collected as a result of an enactment of the British Parliament. Further, the pensions of all persons already in service or who have retired are protected from adverse variation by section 96B of the Government of India Act. That is the legal position. It would be perhaps unnecessary to pursue the question, in those circumstances, as to whether it would be justifiable to levy Indian income-tax at home. I would say that this would mean imposing Indian income-tax on pensions of Government servants who have spent their whole lives in this country and who have retired to their own country where they are liable to British income-tax. My Honourable friend referred to the double income-tax relief which is at present in existence, but it may be remembered that this double income-tax relief is given at the cost of the British exchequer and in the present financial circumstances there is no absolute guarantee that this double income-tax relief will be continued, and it seems therefore undesirable to take action on the lines suggested which might tend to affect the continuance of this relief which is in many ways in the general interests of India. On these grounds, on the legal ground and on the general ground, I am afraid I must oppose my Honourable friend's Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, the reply given by the Honourable the Finance Secretary is not at all convincing. The Secretary of State or the High Commissioner in England acts as the agent of the Government of India for the distribution of pensions and I think, Sir, that in case there is any legal flaw that legal flaw can be set right by the Government of India. After all, pensions are earned in India and it is the Indian Government which pays the pensions and simply on account of a technical legal flaw the Resolution ought not to be thrown out. I think, Sir, that it is now time that on all pensions income-tax must be deducted first in India before they are remitted to London. With these words, I support the Resolution and also urge that in case there is any legal difficulty necessary action should be taken to remove it.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, I do not propose to detain the Council on this question. I have been anticipated to a large extent by the Honourable Mr. Brayne who has put the situation connected with this Resolution in a nutshell. He has explained that it would not only be illegal but that the operation of the Indian Income-tax Act is only confined to this country and it would be impossible both under the provisions of the Government of India Act as well as under the rules framed thereunder to support this Resolution in any way. My Honourable friend Lala Ram Saran Das has spoken of some legal flaw. He thinks that this legal flaw can be set right. There is no question of a legal flaw. It is the question of the operation of the Act. The Act only operates

in India and the High Commissioner as well as the India Office have no power or control whatever to take any such action contemplated by this Resolution under the Indian Act. Moreover, Sir, I go further. I say these people who have earned their pensions have worked on some understanding that they are going to get their pension uncurtailed in any way. Whether that pension is liable in England under the British Income-tax Act is another question; but these people must be protected as far as Indian legislation is concerned. I go to the length of saying that it would be an act of breach of faith with these people who have served in this country for many years to be now subjected in their retirement to an income-tax after years of laborious work.

THE HONOURABLE MR. H. M. MEHTA (Bombay: Non-Muhammadan): Sir, I rise to support the Resolution which my Honourable friend Sir David Devadoss has moved. The reason for supporting this Resolution is that the Indian Government should have some right to income-tax collected on pensions paid to people who have served in India and who have retired in Great Britain. It is true that certain English income-tax is liable to be paid by them on account of their stay there. But if the Indian Government can approach the British Government in a kindly spirit and ask them to remit a portion of the income-tax to India and keep the remainder to themselves, I think the British Government would not feel shy about this. In these hard times in India, it will help the Finance Member a little. With these remarks I support the Resolution.

THE HONOURABLE SIR DAVID DEVADOSS: Sir, I wish to correct an impression which has evidently been created that this proposal of mine would work a hardship upon the pensioners. So far as the people in England are concerned it will not be a hardship. I may tell my Honourable friend Sir Maneckji Dadabhoi that they do not gain anything by not paying the Indian income-tax for under the English Income-tax Act they have to pay 4s. 6d. or 5s. in the pound and if they pay one anna or even two annas in the rupee here that amount will be credited to them under the English Income-tax Act so that they do not lose one penny or one pie of their income by being made to pay Indian income-tax. That is so far as the question of hardship is concerned. No doubt as regards people who are resident abroad,—on the continent,—they escape the British income-tax and, Sir, I do not know why we should give our sympathy to them because they do not pay any income-tax, when we are hard-pressed for money. I think it is fair that they also should bear a portion of the burden. So far as the pensioners in India are concerned, whether they are Europeans or Indians, whatever their nationality, they pay income-tax—all the pensioners resident in India pay income-tax so that I do not see why the people who happen to be resident either at Monte Carlo or Monaco should not pay income-tax when people who are resident in the Nilgiris and at Simla, though they might have served for a far greater number of years, are paying income-tax.

Then as regards the legal difficulty, I do not see any legal difficulty. I think I anticipated the Honourable the Finance Secretary when I said the pensions could be paid in India and the banks should be asked to remit the amounts to persons resident in England. How do the Dominions manage this concern? If the Honourable the Finance Secretary will take the trouble to ascertain how the Dominions are paying their pensions, it would be easy to model our own payments on their system. I do not say for a moment that we in India have a right to tax people in England. I think he should have given me some credit for knowledge of the law. But what I said was that you can

[Sir David Devadoss.]

make the pensions payable in India and ask the banks to remit them to England. And, therefore, Sir, I do not think there is any technical difficulty in the way of taxing the pensions and allowances paid outside India.

Sir, in regard to the accuracy of my figures, I had to rely on the figures I could get. I put a question on the 25th of last month as to the amount of pensions paid outside India. The answer was that the information was being collected and would be supplied to me in due course. It has not yet been supplied to me and therefore I had to make the best of the information I could get.

THE HONOURABLE MR. A. F. L. BRAYNE: On a point of explanation, Sir. We had to send home to the India Office and the High Commissioner to find out the details desired by the Honourable Member. I believe they have just come by this mail.

THE HONOURABLE SIR DAVID DEVADOSS: I did not blame the Honourable the Finance Secretary. I said I had not the figures. And if 4 more crores are added that would only multiply my figure by 3. Instead of 16, if 4 crores more are added it would be 50 lakhs of rupees. We should be very joyful if we could get 50 lakhs of rupees in these hard times when poor clerks are being sent away. With these remarks, Sir, I wish to press my Resolution.

THE HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted:

"This Council recommends to the Governor General in Council the levy of income-tax under the Income-tax Act on all pensions and compassionate allowances paid outside India."

The Council divided:

AYES—15.

Banerjee, The Honourable Mr. Jagadish Chandra.
Devadoss, The Honourable Sir David.
Ghosh Maulik, The Honourable Mr. Satyendra Chandra.
Jagdish Prasad, The Honourable Rai Bahadur Lala.
Jalan, The Honourable Rai Bahadur Radha Krishna.
Mehr Shah, The Honourable Nawab Sahibzada Sir Sayad Mohamad.
Mehta, The Honourable Mr. H. M.

Moti Chand, The Honourable Raja Sir. Naidu, The Honourable Mr. Y. Ranganayakulu.
Natesan, The Honourable Mr. C. A.
Padshah Sahib Bahadur, The Honourable Saiyed Mohamed.
Rampal Singh, The Honourable Raja Sir.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Sinha, The Honourable Kumar Nripendra Narayan.
Suhrawardy, The Honourable Mr. Mahmood.

NOES—20.

Basu, The Honourable Mr. Bijay Kumar.
Brayne, The Honourable Mr. A. F. L.
Browne, The Honourable Sir Philip.
Chiman Lal, The Honourable Rai Bahadur Lala.
Dadabhoi, The Honourable Sir Maneckji.
Drake, The Honourable Mr. J. C. B.
Emerson, The Honourable Mr. H. W.
Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.
Ghosal, The Honourable Mr. Jyotsnanath.
Harper, The Honourable Mr. K. B.
Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.

Khaparde, The Honourable Mr. G. S.
Megaw, The Honourable Major-General J. W. D.
Mitter, The Honourable Sir Brojendra.
Murphy, The Honourable Mr. P. W.
Noon, The Honourable Nawab Malik Mohammad Hayat Khan.
Pandit, The Honourable Sardar Shri Jagannath Maharaj.
Shillidy, The Honourable Mr. J. A.
Thompson, The Honourable Sir John.
Watson, The Honourable Sir Charles.

The motion was negatived.

RESOLUTION RE LEVY OF STAMP DUTY ON CHEQUES DRAWN ON BANKS AND BANKERS IN INDIA.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians): Sir, the Resolution that I wish to move reads as follows:

"This Council recommends to the Governor General in Council the levy of a stamp duty of one anna on every cheque that is drawn on a Bank or a Banker in India."

Sir, till 1927 all cheques were subject to a duty of one anna. In 1927 the then Finance Member, Sir Basil Blackett, took off the duty. The reason he gives is this. I read from page 1466 of the Legislative Assembly Debates, Volume II (1927):

"* * * The stamp duty on cheques should be abolished with a view to the development of the banking habit in India."

Sir, I do not find any other reason for the abolition of the duty than the promotion of the banking habit in India. This duty then brought a revenue of at least Rs. 7 lakhs. I believe that if this stamp duty is re-imposed it would bring in more than Rs. 7 lakhs—probably Rs. 10 lakhs. The banking habit is certainly prevalent and by imposing the duty again, it is not the poor people who will suffer, but the well-to-do people who are in the habit of banking money and drawing cheques whenever they want money will have to pay it. They, too, will not lose much. It will be within the knowledge of many of us that a few years ago—I believe five or six or seven years ago—the English duty was raised from 1d. to 2d., and every cheque that we had to draw was subject to a duty of 2d., instead of 1d. That being so, I do not see why our cheques should be without duty. If my Resolution is accepted, this would bring in at least Rs. 7 to Rs. 10 lakhs a year to the Government. With these few words, Sir, I wish to move my Resolution.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, perhaps it will save the time of the House if I explain what the present position is as regards this proposal. The stamp duty of one anna was removed, as my Honourable friend has said, in 1927 as a direct result of the recommendation of the Currency Commission that the removal of this duty would tend to encourage the banking habit. After four years' operation of this free cheque system, the question was again considered by the Banking Enquiry Committee. On page 663 of their Report they say as follows:

"The recent abolition of the stamp duty on cheques appears to have contributed materially to a more extensive use of cheques not only in the Presidency towns and other big commercial centres but also in the mufassil."

Thus we have the opinion of two expert bodies that the abolition of the duty on cheques would tend to encourage, and has in fact tended to encourage, the banking habit. On the other hand, there has been a good deal said to the contrary. At the time the duty was removed, the Rs. 7 lakhs then collected was not lost by the Government of India but by the provinces to whom the duty would still accrue if re-imposed. Of the provinces, Bombay and Bengal received about 5 lakhs on account of the duty, and recently the Bombay Government approached the Government of India and asked that the duty might be re-imposed on the ground of their financial difficulties, for though it meant only a small sum, yet every little helps. There are also various other

[Mr. A. F. L. Brayne.]

arguments. It is probably illiteracy in India which militates against the extension of the cheque habit rather than the imposition of any small duty. Further, I understand that certain bankers find this free use of cheques somewhat of a nuisance because it swamps them with a large number of cheques for very small amounts. So that, there is a good deal to be said on both sides. In response to the representation of the Bombay Government the Government of India, on the 1st of February last, addressed all Local Governments and asked them what their opinion was in regard to this proposal to re-impose the duty of one anna on cheques. The Local Governments will also consult local commercial bodies. When we have received their replies, they will be considered together with the speech which my Honourable friend has now made. Perhaps in those circumstances and on that assurance the Honourable Member will consider withdrawing his Resolution.

THE HONOURABLE SIR DAVID DEVADOSS : Sir, in view of what has been said, I wish to withdraw my Resolution.

The Resolution was, by leave of the Council, withdrawn.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR BROJENDRA MITTER (Leader of the House) : Sir, the lists of business for to-morrow and Thursday which are both non-official days are already in the hands of Honourable Members. The only items of official business now pending before the Council are the Resolutions by the Honourable Mr. Shillidy and the Honourable Mr. Drake recommending, respectively, an amendment of the main Resolution on roads and a continuance of the increased import duties on galvanised iron. There are, however, several Bills pending in the Legislative Assembly which Government desire to pass into law during the current session. The Legislative Assembly will be engaged throughout the whole of the current week in voting Demands for Grants and will be observing the Holi holidays on Monday and Tuesday next week. Consequently, the Assembly will be unable to proceed with the Bills in question before Wednesday, the 23rd March. In these circumstances, Sir, I would suggest that on the conclusion of the meeting on Thursday next the Council might suitably adjourn till the following Thursday, the 24th March, when the business would comprise the two Resolutions to which I have already referred and the laying on the table of any of the outstanding Bills which may be passed by the Legislative Assembly on Wednesday, the 23rd March.

The Council then adjourned till Eleven of the Clock on Tuesday, the 15th March, 1932.

COUNCIL OF STATE

Tuesday, 15th March, 1932.

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

THE HONOURABLE THE PRESIDENT : The Honourable Mr. Abu Abdullah Syed Hussain Imam.

(Motion* not moved as the Honourable Member was absent.)

RESOLUTION *RE* PROCEDURE TO BE FOLLOWED IN DEALING WITH THE CIVIL DISOBEDIENCE MOVEMENT.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, I beg to move the following Resolution :

"This Council recommends to the Governor General in Council to be pleased to see that in dealing with the present civil disobedience movement Government observe the following points :

- (i) that the special emergency powers which Government have assumed by means of Ordinances should be exercised with the utmost moderation and restraint so as to minimise the chances of abuse of powers on the part of Government's agents,
- (ii) that no methods of violence should be employed against the civil resisters except the use of minimum force necessary for the dispersal of an assembly declared unlawful and commanded to disperse which after such command has conducted itself in such a manner as to show a determination not to disperse, and
- (iii) that persons convicted of non-violent political offences should invariably be accorded special treatment in jails."

Sir, let me state at the outset that I am a moderate and believe in constitutional methods for the attainment of our political emancipation and have absolutely no faith in unconstitutional methods or direct action and consequently no sympathy with the civil disobedience movement. And in stating this viewpoint, I think I am voicing the feelings of almost the entire House. Sir, I also believe in the maintenance of the British connection with India and hold that the two countries, namely, England and India, whose destiny Providence has cast together can better prosper by continued close association with each other, and I therefore wish that the bonds of friendship between the two countries may grow stronger to the mutual benefit of both of them. And it is with this view that I have thought it fit to bring forward this Resolution to-day. But, Sir, while I strongly believe in what I have enunciated above I,

*"This Council recommends to the Governor General in Council that a Committee of three non-official Members of this Council and two officials be formed to prepare the counter-claim of India on the War Office."

*[Rai Bahadur Lala Jagdish Prasad.]

at the same time hold fast to two propositions. One is, that I do not believe that that section of my countrymen which believes in the policy of non-violent civil disobedience, however misguided its activities may be, is prompted by other than the best of intentions and guided by other than patriotic motives. There may be differences between their views and ours, but for that reason we should not be uncharitable to them. Of course the above creed should be distinguished from the creed of violence and terrorism for which no sane person has anything but the severest condemnation to offer. The second is that in spite of my faith in the good qualities of the British, I do not believe that the British Government is infallible, that it can do no wrong; but, on the other hand, I believe that the Government like all other human institutions is liable to err, and that it can certainly make mistakes.

Now, Sir, having made my views clear to the House I come to the political situation prevailing in India at the present day, a resumé of which I think is necessary for the purposes of my Resolution. In this connection I will mostly confine myself to a short narrative of the happenings in India during the last three or four months and will only briefly refer to the political history through which the country passed about a year ago. Last year about this time saw the suspension of the civil disobedience campaign that had been launched by the Congress and after the campaign had been in operation for many months, and this end of the campaign was the result of the well-known settlement arrived at between the premier citizen of India—Mahatma Gandhi—and the head of the Government of India at that time, viz., Lord Irwin. As a result of that pact, the Congress called off the civil disobedience movement, and later Mahatma Gandhi was enabled to attend the Second Session of the Round Table Conference in London last autumn. But during the absence of Mahatma Gandhi from India the Congress launched upon the ill-advised no-rent campaign in the United Provinces which of course was the biggest blunder on the part of the Congress and which was strongly disapproved by a section of Congressmen themselves. One important result of this campaign was that it aroused grave doubts as regards the real Congress objective, among the propertied classes not only in the United Provinces but practically all over the country. It immensely weakened the position of the Congress and lost it many influential sympathisers. Meanwhile, the Government promulgated a number of Ordinances. But, on his return to India, Mahatma Gandhi stated publicly that he was anxious to co-operate with the Government and sought with the approval of the Congress Working Committee an interview with His Excellency the Viceroy so as, in the Mahatma's own words, to receive guidance from the Viceroy as to the course the Mahatma was to pursue in advising the Congress. But the interview was virtually declined to Mahatma Gandhi. This action of the head of the Government of India was resented by the impartial public and rightly alienated the public sympathy from the Government as the Indian public believed and still believe that had the interview taken place there was every probability of a *via media* being found between the two great men of India and England, as, at the time, Mahatma Gandhi appeared to be very anxious not to revive the civil disobedience movement, if he could help it, and thus wanted to avoid a conflict between the Congress and the Government. Thus, while the Congress is rightly blamed for starting the no-rent campaign while Mahatma Gandhi was out of India, the Government of India is equally blamed, and, perhaps, to a greater extent, for deliberately losing a splendid opportunity which would have resulted in easing the situation. This, Sir, was both preceded and followed by the promulgation of one Ordinance after

the other, of which the result is what we find to-day so far as the Indian political situation is concerned. The greatest Indian living soon found his way to the prison followed by thousands of Congress workers. But that is not all. These Ordinances have armed the executive with such drastic and unlimited powers that, Sir, you and I who have got nothing to do with the civil disobedience movement, every member of a peaceful community, however detached and unconnected with the political movement, stands in jeopardy of his liberty and life. The executive enjoy the power of seizure of person and property, with no chance of the subject obtaining relief in the ordinary courts of law to which every citizen of the Empire is entitled. In a section of one of the Ordinances is laid down that :

"If any young person under 16 is convicted of an offence under the Ordinance or of an offence which in the opinion of the court has been committed in furtherance of a movement prejudicial to the public safety or peace and such young person is sentenced to pay a fine, the court may order that the fine shall be paid by the parent or guardian of such young person as if it had been a fine imposed upon the parent or guardian".

But it does not stop here. In any such case the court may direct by its order that in default of the payment of the fine by the parent or guardian, the parent or guardian shall suffer imprisonment, as if the parent or guardian had himself been convicted of the offence for which the young person was convicted. That, I submit, is the position into which these Ordinances have launched even law-abiding peaceful citizens. Is there any wonder then that all right-minded people demand of the Government of India that these Ordinances, if they are to cope with an emergency which is still in sight and is likely to continue, should be brought before the Indian Legislature so that the Legislature may review and consider them and give the Government of India such power as the Legislature might think fit? And, Sir, although I have made no such demand in my Resolution I make bold to say that I am not in any way wanting in a desire of that nature but share the view that the Government should bring these Ordinances before the Legislature for the latter's decision with regard to them. But, Sir, although I am of this opinion and am no defender of the Ordinances, if I have confined my Resolution to the terms in which I have moved it it is because I take this view of the whole thing that if the Ordinances were to stand in their present form without the Government of India obtaining the decision of the Legislature in respect of them in response to Indian public opinion then the least that the Government should do is to see that the powers with which the Ordinances vest the executive are exercised with the utmost moderation and restraint so as to minimise the chances of abuse of powers on the part of Government's agents. I believe, Sir, that this is a proposition which every fair-minded person will readily endorse and this therefore is what I have recommended in the first part of my Resolution. Sir, the necessity of my laying stress on this point arises from the fact that the experience of the working of these Ordinances gained during the short period that they have been in operation has been that these Ordinances have not always been administered by the Government's agents with due moderation and restraint, as can be proved by a number of instances still fresh in the public mind, in which these extraordinary powers have been, so to say, abused by the executive. With your permission, Sir, I shall quote a few instances in support of my point.

Sir, the incident of Dr. Paton of Madras is still fresh in the public mind. Dr. Paton is said to be a missionary gentleman coming from England who is a humane worker in the villages of Madras. He is not a Congressman, so far as my information goes. He is reported to have gone to Madras to see for himself how picketing was going on there. And what happened to him? As Dr.

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Paton was walking he was accosted by the police sergeants and was beaten. Beaten, he walked home lame. Then the next day, it is said, a false case was foisted upon him before the magistrate which was afterwards withdrawn. If such a thing could happen to a European British subject in this country and that goes unpunished, the House can well imagine what can happen to poor Indians. Then, Sir, there is the well-known *thali* (or *mangal sutra*) incident that took place in Malabar. The *thali* is, so far as my information goes, considered so sacred in the South even by professional robbers that they consider it part of their code of honour not to deprive a woman of the *thali* even when they denude her in the house of everything she possesses. Yet, Sir, this is what is reported to have actually happened. A married woman was deprived of her *thali* by a Government officer as a part of seizure of her belongings. And *thali* is a thing which is held so sacred that it is removed from the person of a woman only when she is so unfortunate as to lose her husband. Is this, Sir, an exercise of the powers by the executive with moderation and restraint? Let us now turn our attention to a case in Bengal which was recited by Mr. K. C. Neogy in the Legislative Assembly last month. It is said that there was a police raid at night in the house of one Rai Bahadur G. C. Nag, a retired Deputy Collector of Dacca and an ex-M. L. A. The armed policemen were said to have been led by a European officer. Mr. Nag was roused from his sleep and was grossly abused by the European police officer and insulted apparently for no fault of his. And the police under cover of searching his house destroyed his furniture and smashed the panes of his book-cases. Mr. Nag's daughter, a cultured lady, was said to be under detention without any charge having been framed against her under any provisions of the Ordinances. Now, Sir, let us come nearer home and see what happened at Saharanpur in the United Provinces. I take it from a leading newspaper that an unusual incident, which is said to have been verified by two respectable witnesses and which the Government have not to the best of my knowledge denied in the public press, happened at Saharanpur. There the police blackened the faces of two volunteers and carried them in a procession with a posse of constables armed with *lathis* behind them in the main streets of the town. One would like to know under what provision of any of the Ordinances such humiliating and outrageous treatment is sanctioned. Some such actions of hooliganism on the part of civil resisters last year were strongly disapproved by everybody. How can they be justified now on the part of Government's agents?

Now, coming to my own native town of Muzaffarnagar, it was brought to my notice that some Congress volunteers arrested for picketing there were, after being taken to the police station, beaten by the police inside the *thana*. May I know where was the necessity to beat these peaceful volunteers after they had submitted themselves to arrest? Last year in one of the *tahsils* of my district a virtual reign of terror was established for some time, even when there were no Ordinances. The police not only arrested peaceful picketers and beat them but people were not allowed to go about with Gandhi caps on. In one of the villages which the police raided, a number of Baurias—a criminal tribe—were not only utilised for the assistance of the police in molesting peaceful citizens but were allowed actually to loot respectable villagers of their valuables under the very nose of the district authorities. Sir, I shudder to narrate this tale of woe, and fear that if such things could take place last year when there were no Ordinances, what cannot happen now under the garb of Ordinances? I do not think it is necessary for me to allude to the numerous *lathi* charges in various parts of the country, accompanied by firing in some

cases, and culminating in the use of *lathis* in the Imperial city of Delhi itself so very recently for three days by the police, for they are well known to all. It is the general belief that in these *lathi* charges always an excess of zeal is shown by the authorities, more than is required by the exigencies of the situation.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal: Nominated Non-Official): Sir, were there civil resisters in the Delhi case?

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: I do not know: my Honourable friend must have read the account in the newspapers.

THE HONOURABLE MR. BIJAY KUMAR BASU: There were no civil resisters.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, the above incidents should be more than enough to convince the Government and the House that in suppressing the civil disobedience movement the executive has shown that it seldom errs on the side of moderation. This method of suppressing the civil disobedience movement has alienated and is alienating a larger section of public opinion from the Government. It is, I think, the bounden duty of every Government which cares to be broadbased on the goodwill of the people to see that it governs according to public opinion, and the more so it is the duty of a Government like ours which is one of the most civilised in the world. I therefore as a friend of the British Government cannot too strongly emphasise on them the need of the exercise of the utmost moderation and restraint on the part of their agents in these difficult times so that the chances of abuse of the emergency powers may be reduced to a minimum. And this is, Sir, what I have suggested in the first part of my Resolution.

The second part of my Resolution is more or less connected with the first part. In this part I have recommended that no methods of violence should be employed against the civil resisters which are not in strict accordance with the law. So far as my knowledge of the law is concerned, the law does not vest the executive with powers of any kind of violence being employed against anybody except for the dispersal of unlawful assemblies under the Criminal Procedure Code, or perhaps as a right of self-defence. The law about the dispersal of unlawful assemblies is clear and I need not waste the time of the House in dilating it at length. It is very necessary, Sir, that on the present occasion, when for some time past meetings, processions and assemblages have become the order of the day, no assembly should be dispersed by force unless the members thereof are given a clear warning beforehand that that assembly has been declared unlawful and that it is commanded to disperse so as to allow any peaceful citizens in the assembly to disperse peacefully. And if after such a warning and after sufficient opportunity had been given to them to disperse, the assembly still conducts itself in a manner as to show a determination not to disperse, then I think the Government cannot be blamed if they use force against the members of such an assembly for the sake of dispersing them. But, Sir, in this case, too, I submit that the bounds of law should not be transgressed which enjoins the use of as little force as possible. If this process is adhered to by the authorities, then I am sure indiscriminate *lathi* charges and indecent assaults on men and crowds and unnecessary beating of volunteers even after their arrest, which no law on the face of the earth condones, would surely be a thing of the past and the Government would be acting in a manner to which no fair-minded man can take any objection. This is, in brief, Sir, the object of the second part of my Resolution.

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Now I come to the third part. As I stated in the beginning of my speech, it is generally admitted that, barring those who believe in the cult of violence and for whom nobody has a word of sympathy to express, that section of Indians whose creed is non-violent civil disobedience, and among whom happen to be some of India's best sons, however misguided their activities may be considered to be, are after all undergoing hardships with the firm and honest belief of doing service to the motherland. These patriotic Indians, Sir, should not after all be treated after conviction like ordinary criminals but must be distinguished from them. I would therefore strongly impress upon the Government the desirability of giving them special treatment in jails. To accord them the same treatment as is meted out to ordinary prisoners shows a revengeful spirit which I believe is not the intention of our Government, particularly when it has the good luck of having such a kind-hearted nobleman at the helm of its affairs as His Excellency Lord Willingdon. Last year persons convicted in connection with the civil disobedience movement were generally given superior class treatment in jails, but it is a matter of common knowledge that this year, since the re-start of the movement, the same sort of treatment is not generally accorded. Instances are not wanting to show that a number of persons who had been given A class treatment in jails last time have this year been placed only in B class and those accorded B class treatment last year have had to be satisfied with C class. This, Sir, is not an act of broad-mindedness and magnanimity on the part of the authorities. Statesmanship demands that these children of the soil, many of whom occupied high positions in society, are treated in a manner to which they are entitled by reason of their upbringing, culture and education. And this is what I have advocated in the third part of my Resolution.

In conclusion, Sir, I appeal to the Government to pause and think before it is too late. It is not the policy of a good Government to govern the country with an iron hand. On the other hand, it is the policy of sympathy and conciliation that alone must triumph in the end. If the Government therefore revert to a policy of conciliation and love and adopt a policy of justice tempered with mercy in dealing with their subjects, all dissatisfaction and mistrust will disappear and the Government will grow more and more popular and I am sure they will soon see normal conditions established in India to the satisfaction of the Government and to the peace, progress and prosperity of the country in general. Sir, I move.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, in supporting the Resolution of my Honourable friend Rai Bahadur Lala Jagdish Prasad, at the very outset I should like to make my position perfectly clear by declaring that I have no sympathy with the civil disobedience movement which is an unmixed harm, nor with the action of the civil resisters which is the outcome of a counsel of despair; but when I find that in dealing with this undesirable movement, the police, although armed with Ordinances which have, I think, wide powers and scope to check its growth and expansion, more often than not abuse their powers by using batons, canes, "regulation" lathis, and sometimes resort to firing, I cannot but emphatically protest against their action which comes in for a good deal of adverse criticism in the press and parlour (I cannot say platform, Sir, because platforms cannot be now used for such purposes, at least in my part of the province, owing to reasons that are not unknown to you and the Members of this Honourable House!) and which is besmirching

the fair name and justice of British rule in India. Rightly or wrongly, Sir, the report is daily gaining ground in the country that the Ordinances have given the police *carte blanche* and "police raj" now rules the people. If the Ordinances are in the best interests of the country, this idea that the police now hold the reins of government should be removed from the minds of a vast section of my countrymen who think that the police, as limbs of Government, are meant for maintaining peace in the country, should not assume all the powers of Government. Such actions of the police, as I am referring to later on, do not make any great contribution to the reputation they have so far built for themselves by their distinctive services to the Crown and the country and which they ought to sustain; nor does their action bring any credit to Government. And that is the reason why, while protesting against the action of the police, I am supporting the Resolution of my Honourable friend Rai Bahadur Lala Jagdish Prasad, to appeal to our benign Government that, while dealing with the civil disobedience movement by all possible means at their disposal, Government should see that their agents, especially the police, do not commit any action that is likely to cause further embitterment and estrangement of feelings between the rulers and the ruled.

Sir, to substantiate the criticism that I have made against police action, I will relate a few specific incidents that have been brought to my notice by some friends, the veracity of whose statements I can never doubt. To make out a case against somebody one must produce evidence. And unless and until the action.....

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON (Punjab: Nominated Non-Official): Are the incidents that you are going to quote based on your personal knowledge?

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: That is not my personal experience; I may be incorrect in your estimation..... and unless and until the action of the police, to which I am taking strong exception and which is condemned by a large number of my countrymen, is brought to the notice of Government, how would it be possible for them to take necessary action? I thank the Honourable the Mover of the Resolution for tabling it now, because it is high time that Government took proper steps, great care and necessary action to put a stop to the police excesses.

THE HONOURABLE MR. BIJAY KUMAR BASU: What steps do you suggest?

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: That depends upon Government and the circumstances. And that is the reason why I support the Resolution and ask Government most fervently to see that the chances of abuse of powers, under cover of the Ordinances by the police, may be minimised and such action of the police, which is strongly denounced by the public, may become a thing of the past.

Sir, here are some instances which will convince you as to how the police misbehaved themselves at a village named Kandbarilla in the Dacca district where, on the 13th January last, without giving previous warning to the processionists, mainly consisting of ladies, they indiscriminately used lathis, as a result of which two ladies, named Himansu Bala Mazumdar and Chhamayee Devi, were severely wounded. One Nagendra Prasad Ghose who came forward to reason with the police as to why the ladies were being assaulted,

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was not only arrested by the police but got a severe beating from them ! But still the police were not satisfied. At the police station at Nawabganj, Dacca, poor Ghose was taught such a lesson by the guardians of law and order that there was severe inflammation on the joints of his hands and legs !

On the 25th January last, Sir, Nityananda Chowdhury, a boy of 12, was arrested while picketing a liquor shop at Nandi Bazar in Nawabganj police station, Dacca. We knew, Sir, that the sins of the father visit the son but here the sins of the son visited the father and Nityananda's father Ramani Mohan Chowdhury was brought to the police station under arrest ! It pains me to observe here, Sir, that the Special Magistrate, Mr. Seeraji, after giving a bit of his mind to the father, himself administered a few stripes on the back of the boy and then released him.

On the 29th January last, Sir, Amulya Chandra Shaha and three others were arrested for picketing a liquor shop at Nandibazar, referred to above, but would you believe, Sir, that at night they were severely assaulted by the police at the police station and released at a deserted place in a field far away from the locality ?

On the 6th February last, for the crime of picketing a liquor shop at Agla, in Nawabganj police station, Dacca, Haridas Rudra and three others were mercilessly assaulted by the police.

On the 15th February last, Sir, Sachindra Nath Bose, Chinta Haran Shaha, Birendra Pal, Motilal Seal and Jagannath Karmakar,—these five men who were going to hoist a tricolour flag,—were also callously assaulted by the police and arrested afterwards. On the same day, Sir, Amulya Prasad Chanda, Satyaranjan Chakravarty, Jyotish Chandra Roy, Ananta Kumar Pal and another, while on their way to Dohar in Dacca to hoist a flag, which they called the "national flag," were so severely assaulted by the police that the first-named two became unconscious and Amulya Chanda had a wound in his head, which bled profusely, but none of them were arrested.

THE HONOURABLE MR. H. W. EMERSON (Home Secretary) : May I ask the Honourable Member what is his authority for this statement ?

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : It is a statement of fact.

THE HONOURABLE MR. H. M. MEHTA (Bombay : Non-Muhammadan) : Have you been an eye-witness ?

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : No, I have not been an eye-witness.

THE HONOURABLE MR. H. M. MEHTA : How can you make such statements ? They may be grossly exaggerated ; there may be no bottom to them.

THE HONOURABLE MR. BIJAY KUMAR BASU : Were any of these cases brought before the court and any statement recorded in court ?

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : Nominated Non-Official) : Would you make such statements outside the Council ?

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : No.

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON : Hearsay evidence would not be admitted in a law court.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : In all these cases, Sir, the people were non-violent and non-aggressive, yet they were attacked and assaulted. Sir, further instances of such abuse of powers by the police may be cited, but I do not like to tire the patience of the House with them.

In this connection, Sir, I may cite the case of poor Ajit Battacharjee of Jagannath Intermediate College, Dacca, who was done to death by the police while on his way to Dacca University for his admission when the University was being picketed by boys and girls some of whom were severely assaulted.

THE HONOURABLE MR. H. W. EMERSON : May I ask the Honourable Member when this incident took place ?

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : It was about two years ago. In all these cases, Sir, no violence of any nature was resorted to by the picketers or processionists, yet they were assaulted by the police.

I cannot conclude, Sir, without mentioning here the incident that happened at Dacca just after the shooting outrage on Mr. Durno, the late District Magistrate and Collector of Dacca, when the police, while making arrests of the suspects alleged to be in complicity with the culprits, searched several houses and assaulted the inmates most indiscriminately, and the constables even took away money and valuables from the boxes of some of the persons whose houses were searched. In one particular instance, Sir, one constable was sent up for trial for such an offence, convicted of the same and sentenced to rigorous imprisonment by the Sadar Sub-divisional Magistrate of Dacca. These things, Sir, certainly are proof positive of the fact that excesses are being committed and that powers conferred by the Ordinance are abused by the police. I would most pertinently ask the Treasury Bench to show me if there is any section in any of the Ordinances so far promulgated—and I have tried my best to read and understand them carefully—that allows the police to commit such abuses of the powers giving by the Ordinances and to assault the men and women who are at present not on the side of law and order. They may be arrested, tried and sent to prison for their respective offences or even interned or externed but why assault them in the name of law and order ?

Of course the police have to defend themselves to disperse unruly crowds or those that may assume a threatening attitude or indulge in such violence as pelting stones and throwing brickbats, etc., but in no case should there be employed severe methods of violence against the civil resisters except the use of the minimum force necessary for the dispersal of an assembly declared unlawful and ordered to disperse, which, after such command, has conducted itself in such a manner as to show a determination not to disperse.

As regards treatment of political prisoners in jails, it should be the business of Government to see that the classifications are strictly observed by the provincial authorities. In one particular case, I know, Sir, a respectable citizen of Dacca, a senior pleader of the Dacca Bar, Mr. Birendra Nath Mazumdar, President of the Dacca District Congress Committee and an ex-Member of the

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Bengal Legislative Council, representing the Dacca University constituency, convicted of a non-violent political offence was not given a mosquito curtain in the Dacca Central Jail. Dacca, Sir, is notorious for mosquitoes and one cannot do with out a mosquito curtain, but I am glad to learn from his daughter-in-law, a talented German lady, that Mr. Mazumdar has been recently moved to Dum Dum Jail near Calcutta and while he was being removed to Dum Dum he asked his son, Dr. D. Mazumdar, Ph. D. (Berlin), to supply more than a dozen mosquito curtains for some political convicts in the Dacca Central Jail, which were sent there almost immediately. If a man of Mr. Birendra Nath Mazumdar's status in life, Sir, could be meted out such treatment by the jail authorities, what could you expect about the treatment that may be accorded to the non-violent political prisoners who are either in "B" or "C" class? Many other cases of the above nature can be cited. In these circumstances, Sir, the non-violent political offenders should be accorded such special treatment in the jails as are now prescribed by Government in their Jail Manuals.

With these few words, Sir, I heartily support the Resolution of my friend the Honourable Rai Bahadur Jagdish Prasad and hope it will be accepted by the House and Government.

THE HONOURABLE MR. H. M. MEHTA: Sir, the House has heard very carefully the Mover of this Resolution and the supporter of this Resolution. I do not think any one who has got any sense of proportion can support either the Mover or the Seconder. The Resolution has been worded very carefully and in very moderate language: that much I admit. But what has he proved by sub-paragraph (1) of the Resolution in which he states that the Ordinances should be exercised with the utmost moderation and restraint so as to minimise the chances of abuse of powers on the part of Government's agents? He has not quoted a single instance in which he has proved that the Government agents have employed such measures as to give a really innocent man the greatest trouble or the least trouble. If he had proved that, I should have changed my mind. It is very easy, off and on, to abuse Government of all crimes as if the Government is always the culprit and no other can do wrong. It has been said that the Viceroy did not give any interview to Mahatma Gandhi. His Excellency was extremely willing to give an interview to Mahatma Gandhi but Mahatma Gandhi wanted to have an interview on his own terms and nothing else. His Excellency was kind enough to inform him that the Frontier troubles were such and the Bengal troubles were such that Ordinances were necessary and he was not prepared to discuss those Ordinances with him; beyond that he was quite willing to have an interview and discuss any measure relating to the Round Table Conference or any other matter which he would put forward. Mr. Gandhi refused point blank and the Government had no other course but to take the step it did. The Ordinances were then restricted only to the Frontier Province and Bengal—and the Honourable Members from Bengal know as well as we from Bombay do how many outrages were committed, how many innocent people were killed for nothing, how even girls took revolvers in their hands and killed men with whom they had nothing to do. Well, if such things happen and one takes action the other can also do the same thing or retaliate. Now, the Mover of the Resolution has said that there are Congressmen who are very meek and who want to do things according to their own way of thinking but are not so criminal as to do something to annoy the Government. Well, there is no such thing in the world as non-violent civil disobedience according to my way of

thinking: Though there may be a few men screwed up to that view and really honest men, these men get always mixed up with the riff raff and the real ruffians who want to make a great deal out of this movement, and to make money by creating an amount of trouble. Well, the police cannot discriminate whether the man is genuine or a ruffian and if any charge is made the former has got to take the consequences. It cannot be otherwise. Will my Honourable friend show me a single instance where by reason of these Ordinances an innocent man has come into jeopardy or has lost anything or has had harm done either to his person or his property? If the Honourable Member will give me a single instance I will be exceedingly obliged to him. If he asks what my opinion about civil disobedience is and of the men harassing the people, I can cite chapter and verse for it. The shops are compelled to be closed—a man goes round—he does not dare to write a chit but goes from one door to another in such a way that almost all the shops are closed instantaneously. If anybody supports Government he cannot even get food, neither can he get water. He is threatened with being put out of his caste. These things happen. If the Mover wants to know, I will prove it to the hilt. With these remarks I take my seat.

THE HONOURABLE MR. BIJAY KUMAR BASU: Sir, the Mover of this Resolution and his redoubtable Seconder from Bengal have given a lot of advice for good conduct to the Government. I am sure the Government are thankful for it. But has not the present position been brought about by the action of the Congress? The Honourable Members have not at all appealed to the Congress to forbear its activities so that the Government action complained of which is consequential to Congress action might have assumed a different aspect. Sir, I am very sorry that I do not appreciate the purpose of the Resolution of my Honourable friend. If it is his object to remind the Government of what they already know, that is a different matter. I am quite sure my Honourable friend knows as much as any one else that the principles which he purports to lay down in his Resolution are principles which the Government themselves follow. The powers taken by the Government under the Ordinances are extraordinary powers and Government are fully conscious of that fact. They also realise that because the powers are extraordinary they should be used with the utmost moderation and restraint. My Honourable friend should not forget that His Excellency the Viceroy has himself given the assurance that his Government are fully alive to the importance of seeing that these extraordinary powers are not used with any greater severity than is absolutely necessary. It may be said that in some unfortunate instances the limits were exceeded. In such cases I venture to think the best service which any non-official Member can render is to place the facts before Government and ask the Government for an independent inquiry and, if in any such inquiry it is proved that any particular officers were to blame, then to require that suitable punishments should be meted out to them. It would really be unfortunate and defeat the very object of these special powers, if the impression were to gain ground that Government would not take any notice of any excesses committed by their agents. That is why I feel that it is only fair that in such instances an inquiry should be made and punishment awarded to the delinquents. All the same there is also a duty cast upon the public in this matter. It will not do to look at one side of the shield only. Just try to visualise for a moment the situation in which the police may sometimes find themselves when faced with an angry mob, swayed by passions—more easy to excite than to quell—it is not to be expected—human nature being what it is,—that in such trying conditions the police should always be able to

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take a precisely mathematical view of the limits up to which they should proceed. Processions and public meetings are not exactly a tennis court where the players can keep within the line. If my friend is a tennis player, he should know that even in such a peaceful game the players do sometimes overstep the line. Is it to be wondered, therefore, that when you are dealing, not with soft rubber balls, but with stones and brickbats, you must sometimes, even with the utmost desire to act with restraint, be driven by the pressure of emergency to cross the boundary? Therefore, I say, we should all try to be just and fair to both sides. Why, I ask, give the provocation at all to incidents which Government deplore, I am perfectly sure, as much as we do? As I said at the beginning of my remarks, Sir, if the Honourable Members, instead of giving this advice of good conduct to the Government only would also give some advice of forbearance to the Congress, I think the situation that has arisen in the country to-day would never have arisen.

THE HONOURABLE MR. H. W. EMERSON: Sir, before I deal with the three particular points mentioned in the Resolution, I should like to make some observations of a general character. The Honourable Mover of the Resolution has raised the issue of why the Ordinances were promulgated and the object for which they were promulgated, and he has incidentally taken the opportunity, while protesting that he has no sympathy with civil disobedience, of censuring Government for the line of action they have taken. The reasons why the Ordinances were promulgated were to deal with a lawless revolutionary movement. The first Ordinance of a general character was issued in regard to a province to which the Honourable Mover himself belongs and in circumstances brought about by the Congress and which the Honourable Mover himself has condemned in the strongest terms, namely, the no-rent campaign. That campaign was deliberately started at a time when the representative of the Congress was in London conferring as a delegate to the Round Table Conference with His Majesty's Government. It was started at a time when the Local Government of the United Provinces were in consultation with the local leaders of the Congress regarding various agrarian problems. Everybody knew, and nobody knew better than those leaders of the Congress who were responsible for starting the no-rent campaign, that it made practically impossible the procedure by conference and conciliation which had proceeded ever since the Delhi settlement made a year ago. Now, Sir, the Government of the United Provinces held their hands as long as it was possible to hold them before they asked for an Ordinance to deal with the situation. Eventually, about the 11th of December, they wired to the Government of India stating in the most explicit terms that unless they were given drastic powers to deal with the situation, it would pass entirely out of their control. I think the Honourable Mover, who is a big landlord in those provinces, will agree with that diagnosis of the situation. Can anybody believe that it is possible to encourage tenants, the majority of whom are ignorant persons, to refuse to pay their rents on a widespread scale without practically producing an agrarian revolution and all the acts of anarchy and violence that such a revolution involves? The deliberate action taken by the Congress in the United Provinces was the direct cause of the first Ordinance that issued. The second cause was the red shirt movement in the North-West Frontier Province carried on in the name of the Congress, under the auspices of the Congress, and with the full support of the Congress. Government did their utmost to refrain from taking action against that movement, and in particular they made every effort to hold up action—should action become necessary—until Mr. Gandhi's

return to India. This House can dismiss absolutely from their mind any idea that Government took deliberate action in the North-West Frontier Province with a view to making Mr. Gandhi's position impossible. The contrary is true. They did everything to defer action and it was the activities of the Congress leaders in the North-West Frontier Province that made it impossible to delay action further. Here also, those activities were carried on in spite of the utmost efforts by the Chief Commissioner to co-operate with Abdul Gaffar Khan and other leaders of Congress in the province.

THE HONOURABLE SHAIKH MUSHIR HOSAIN KIDWAI (United Provinces East : Muhammadan): What were those activities.

THE HONOURABLE MR. H. W. EMERSON: The activities were the encouragement of the non-payment of land revenue, deliberate disobedience of orders under section 144, a Resolution denouncing the constitutional proposals of His Majesty's Government as entirely unsatisfactory, the refusal to co-operate; and an invitation to the Congress immediately to declare civil disobedience throughout the country. Those were some of the activities. That, Sir, was the position when Mr. Gandhi arrived in Bombay. That was a position created not by Government. It was a position created, in spite of the greatest efforts of Government to prevent it, by the deliberate action of Mr. Gandhi's co-workers and lieutenants. It was, however, a position from which neither the Government could extricate themselves nor extricate Mr. Gandhi unless the latter was prepared to denounce the activities that had taken place in his absence. In regard to the question of an interview between His Excellency the Viceroy and Mr. Gandhi, I would suggest to the critics of Government that they will better understand the position if they will realise that Mr. Gandhi was not at the time in the centre of the stage. His lieutenants had placed themselves in the centre of the stage and had hopelessly compromised his position. If, as I say, the critics of Government will realise this, they will see why events proceeded as they did. That, Sir, is a brief account of the events leading up to the declaration of the civil disobedience movement and the promulgation of four Ordinances on the 4th of January. The Ordinances are intended to combat the civil disobedience movement. Now, the programme of civil disobedience as announced in the Working Committee's meeting at Bombay is as comprehensive as it is possible to make any programme, the object of which is to paralyse the administration and to subvert the government of the country. If Honourable Members will study that programme I think they will see that hardly any mischievous activity is omitted which can embarrass the Government or make its administration impossible. The programme is not in full operation, but that is no merit of the authors of the programme. Its mischievous potentialities are restricted by the opportunities which the authors are given of carrying it into effect. Any relaxation in the vigilance of Government would immediately be followed by an extension of activities, the result of which can only be to plunge the country into chaos. Therefore when we consider the exercise of the powers conferred by the Ordinances we must bear in mind that those powers are intended to defeat a revolutionary movement of the greatest danger to the peace and well-being of the country. I would like to explain, Sir, that the powers granted by the Ordinances represent a part—and really only a small part—of the machinery with which Government is fighting this movement. There is a tendency—perhaps a natural tendency—to regard the action taken by Government as dependent only on the Ordinances. Now, I looked this morning at some figures for convictions up to the end of January

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in connection with the civil disobedience movement. Roughly the total is about 15,000; of these 11,000 have been convicted under the ordinary law and 4,000 have been convicted under the Ordinances. I think those figures are striking. I believe the figures for February will be still further striking. And that raises a point in regard to which I would like to supplement the Honourable Member's Resolution. It is necessary that Government should exercise the special powers conferred by the Ordinances with moderation and restraint. It is also necessary that all their measures against civil disobedience, the majority of which are taken under the ordinary law, should also be exercised with moderation.

Now, Sir, before I pass on to the attitude of Government towards the first part of the Resolution, I should like to say a word or two about the various instances of abuse that have been brought forward this morning. I tried to follow them. There were, so far as I can recollect, two instances, well established, of which I knew the facts. The rest of them were stated in such very general and vague terms that I find it difficult seriously to consider them. The Honourable Member from Bengal read out a list the items of which he had obtained from friends, who had possibly obtained them from other friends, which contained allegations without any evidence at all to support them and the most serious of which went back to two years,—long before the present civil disobedience movement. The Honourable the Mover of the Resolution cited two instances in Madras of which the facts are publicly known. He cited several instances from his own province and one from his own town. The one from his own town related to the allegation of beating of civil disobedience prisoners by the police. I would like to ask the Honourable Member—has he satisfied himself as to the accuracy of that particular allegation? If he has satisfied himself, has he brought it to the notice of the Local Government or of the District Magistrate? If he has brought it to the notice of the Local Government or the District Magistrate, has either or both of them refused to make the necessary inquiry? But in spite of the vagueness of the allegations made we should I think all of us be unreasonably sceptical, if we failed to recognise that, when activities embrace practically the whole country, regrettable incidents do occur from time to time, incidents which everybody deplores and no one more than Government. But I would suggest that we should view these matters in a proper perspective. The civil disobedience movement has been in progress generally for two and a half months and for three months in the United Provinces and I suppose there have been about 25,000 arrests. There have been widespread and deliberate attempts to defy the law. Events in Delhi during the last few days provide an excellent instance of the deliberate defiance of an order under section 144. While we may deplore individual instances that occur of abuse of powers or the use of powers on an excessive scale, viewing the events of the past three months as a whole, can we as reasonable persons accept the proposition that the few instances—alleged instances in most cases—of abuse that have been put forward this morning are such as to constitute a general charge against the Government or their officers of the misuse of powers? (Hear, hear.)

I proceed now, Sir, to deal with the specific recommendations contained in the Resolution. In regard to the first, the Government have accepted the principle and have acted on it. I would like to read a few extracts from a letter that issued to Local Governments some weeks ago which I think states the position of Government. The letter laid down the principle that the Government of India having advised the Governor General to confer these

extraordinary powers had a particular responsibility to see that they were not abused and they requested Local Governments to give effect to that principle. It then mentioned in particular the Emergency Powers Ordinance and specific provisions in it that give exceptional powers and asked that Local Governments should exercise the utmost control and supervision over the exercise of those powers. It then dealt with individual cases of excess or abuse of powers—just the sort of cases to which prominence has been given in the debate this morning—and this is what it said:

“In regard to individual instances of excess or abuse of powers, the Government of India recognise that in dealing with a widespread movement like civil disobedience which affects in one way or another many branches of the administration, it is unreasonable to expect that every servant of Government concerned, often in face of grave provocation, will always act with restraint and justice”.

To expect perfection would be to ignore human nature altogether.

“They also accept the principle that in considering the action of individual Government servants proper regard must be paid to the circumstances, and they have no desire to add to the difficulties of the task of those who are fighting the battles of Government. At the same time, they have no doubt whatever that the value of the services which Government servants of all ranks are rendering at the present time is impaired whenever reasonable cause for complaint is given that a particular action is arbitrary or vindictive or is designed deliberately to cause humiliation. Such action are the cause of embarrassment to Government and their friends, they tend to alienate supporters and they give the opponents of Government the opportunity of propaganda inside and outside India. When Government have to admit the truth of particular allegations their position is definitely weakened in combating the campaign of misrepresentation and exaggeration which it is the policy of Congress to pursue”.

It goes on to say that when specific complaints are made it is incumbent on Government to inquire into them. And then it proceeds as follows:

“The Government of India request Local Governments (a) to satisfy themselves in accordance with the usual procedure as to the facts of particular complaints or allegations brought to their notice if they appear to be of such importance as to require such action; (b) to counteract false or exaggerated accounts of particular instances by giving publicity to the actual facts; (c) in genuine cases of abuse to take such action as may be necessary by way of redress (that is redress to the sufferers and victims) or by disciplinary measures”.

And finally the letter ends up by pointing out the obvious fact that in fighting the civil disobedience movement the object of Government which is to defeat the movement is more likely to be achieved by adherence to strict discipline than by any relaxation of it. I think the House will agree that the recommendations of the Honourable Member in the first part of his Resolution have been anticipated by Government. (Applause.)

We now come to the second part of the Resolution. With one slight qualification the second recommendation represents the principles that have for years been in force in dealing with the disposal of unlawful assemblies and in the use of force. There is one qualification necessary because the recommendation assumes that it is always possible for the police or the magistrate or the troops who are dealing with a dangerous unlawful assembly to give a warning. It is not always possible to do so. The law does not require a warning. The executive instructions require that wherever possible a warning should be given and effect is given to those instructions except where the situation is so dangerous as to make a warning out of the question. In this connection I think it is only fair to Local Governments and to the police who have to deal with dangerous situations to remind the House that the non-violence on which the Honourable Mover has laid stress is often conspicuous by its absence. He perhaps is not aware that during the last three weeks in Bihar and Orissa and in Bengal there has been an organised campaign, which was

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started by the Dictator of the Congress—the All-India Dictator—to plant the national flag on Government buildings, for instance, to lead processions to police stations and there deliberately attempt to place the flag on the buildings. In Bihar and Orissa those attempts have already resulted in two serious clashes, in one case with a crowd of 4,000, in another case with a crowd of 7,000. In both cases, resort had to be made to firing and in both cases, if the executive officers present had not acted with great courage and great coolness their lives and the lives of the whole of the police force would have been very greatly endangered. This campaign is still being deliberately carried on in two provinces, and anything more provocative than leading processions to plant the Congress flag on police stations one cannot conceive of. And it is done not as a local act but in pursuance of a circular which was sent out by the Dictator of the All-India Congress. It is therefore well to remember that the police are confronted with organised defiance of authority often of the most dangerous character. However, the principles which are to guide them in dealing with demonstrations of that sort have been laid down, first of all, in the Criminal Procedure Code, secondly, in the various police manuals, and thirdly, in instructions which have been issued to regulate the conduct of both the civil authorities and of the military, when the military are called out to aid the civil power. The principle is well known and well recognised, that the minimum of force necessary to achieve the purpose should be used and only that amount of force.

I now come to the third recommendation of the Honourable Mover. This recommendation Government cannot accept. The purport of it is that mere participation—apart from other circumstances, apart from social status, education, mode of living and so on—mere participation in a revolutionary movement which is designed to paralyse the administration should give the participator the privilege of special treatment in jails. That is what the proposition amounts to. Now, Sir, Government have consistently declined to recognise a class of political offenders. The question of the treatment of special class prisoners was thoroughly examined less than three years ago. A Committee of the Legislative Assembly was appointed and the whole matter was thrashed out with that Committee and between the Government of India and the Local Governments. Certain rules were accordingly laid down. Those rules involve the classification of prisoners in three classes, A, B and C. Only those persons can be classified in class A who have not committed acts involving violence, and to be so classified, they must, by their social status, education and habit of life, be accustomed to a superior mode of living. B class includes those persons who satisfy the above tests except that there is no qualification as to non-violence. C class includes all the rest. The Honourable Mover made the extraordinary statement that during the first civil disobedience movement, most of the civil disobedience prisoners were classed either in class A or class B. I have not the figures before me, but I can assure him that at least 80 per cent. of the total were classed as C class prisoners, and such a classification is almost inevitable considering that the vast majority of those convicted consisted of persons of low social status and of little if any education, who would be included in C class as a matter of course and without any question, if the issue of a political movement did not arise. The Honourable Member made the further statement that on this occasion more rigour is being shown in the classification than on the last occasion. I do not know his authority for that. The Government of India have no information to that effect. The position of Government is that they desire the rules framed less

than three years ago,—framed with the approval of a Committee of the Legislature, framed after consultation with Local Governments—to be followed and if a person is entitled to be in class A, he should be put in class A whether he is convicted in connection with the civil disobedience movement or of any offence outside the civil disobedience. We do not want any discrimination against him because he was convicted in connection with a political movement. On the other hand, Government cannot accept the principle of discrimination in his favour merely because his offence is connected with civil disobedience. While therefore Government can accept, and are in fact giving effect to the first recommendation, while the second recommendation with some qualification is a principle on which they have always acted, they are unable to accept the third recommendation. But they do accept the principle that full effect should be given to the rules as they now stand. If the Honourable Member is satisfied with this position of Government in these respects, I hope he will see his way to withdraw the Resolution.

THE HONOURABLE RAJA SIR RAMPAL SINGH (United Provinces Central : Non-Muhammadan) : Sir, while I sympathise with the Resolution—I may call it a pious Resolution—I do not associate myself with certain expressions of opinion and feelings of the first two speakers. The Resolution itself is a very simple one and I am glad to say that the Honourable the Home Secretary has, with certain necessary modifications, accepted its first two parts. As far as the third part is concerned, I myself doubted whether it would be proper and just for the Government to accept it, because I know that certain persons who call themselves civil resisters have joined that movement simply for the sake of certain wages. Their social position is absolutely nothing and they command no regard from the society or the public. There are one or two things which I take the liberty of putting before the House. There is one thing which is quite plain and which must have come to the observation of many who might have cared to watch events in the past and, at the present time, namely, that the Government of India, despite all the administrative machinery that exists, have seldom been able to feel with exactitude the pulse of the Indian nation. They never see sufficiently beforehand in what direction the wind is going to blow. Only when a storm rises, they awake from their slumber of, I may call it, self-complacency. They do something when it becomes too late to tide over the storm and then again go to sleep. Never have they been found to initiate reforms gracefully and at the proper and psychological time. They feel the force of public opinion only when some more dead bodies are cremated or buried, a large number of beds in hospitals are occupied by the wounded and thousands entrapped in jails. Sir, is not this policy an incentive to political upheaval? Take the advice of all those whose advice may be worth relying upon; let the interest of India be the paramount, pre-eminent and foremost concern of the Indian policy. Treat the claims of India with full justice. Give her an honourable place in the Commonwealth of the British Empire. But be strong where strength may be needed, do not yield to terrorism or lawlessness even at the risk of losing all control. In administration it is far better to do things gracefully and sufficiently early than to yield when public movements overstep the limits of law. By using the word strong I do not mean that humane consideration should not guide their actions in dealing with misguided youths and others.

I may mention that 11 or 12 years ago when the Rowlatt Bill was introduced into the old Imperial Legislative Council I was second to none in criticising the Government on unforgettable happenings in the Punjab and I would

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do the same if similar atrocities are enacted anywhere else. But, Sir, I condemn with equal force the movement of lawlessness that has been engineered by short-sighted persons. It is doing incalculable harm to the social, moral and economic structure of this country. This spirit of lawlessness and indiscipline engendered in the youths of this country will only lead to ruination and nothing else. My experience of the last few years emboldens me to say in unequivocal words that this spirit should be crushed. I confess I never have been in my heart or outside an opponent of the Ordinances that have been promulgated—drastic though they are; no Government, having a sense of duty, could have tolerated so long defiance to the authority of law as the Government of India did. I do not think it would be worth while to go more into the details of the misdeeds of the hirelings of the so-called non-violent civil resisters.

Sir, as some of my Honourable colleagues have cited some instances, I am also in a position to show how cruel these so-called non-resisters have been to the people. I found in certain villages that persons who refused to give subscriptions to these civil resisters were boycotted and treated in a very cruel and tyrannical manner. I know instances, Sir, where these non-co-operators—secretaries and office-bearers of the Congress Committee—squeezed money from the people, and if the money was not forthcoming beat the people; they extorted money from people by all these means. Even respectable men were treated with great discourtesy and such law-abiding men were really cursing the policy of the Government for not interfering in those days. With these few words, as the Honourable Mr. Emerson has already accepted certain principles of this Resolution, I would beg my Honourable friend to withdraw it.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Sir, when I first saw on the agenda this Resolution standing in the name of the Honourable Mr. Jagdish Prasad, I requested him not to discuss it, because I thought at the present time and in the present temper of the people and the Government much good purpose will not be achieved. But I must say that after listening to the exceedingly sober and temperate manner in which he put his case and after listening also to the method of exposition adopted by the Honourable Mr. Emerson in stating the policy of the Government one thought has been looming largely in my mind—that is also the thought of several other people who are interested in putting down lawlessness and maintaining law and order. The question which I would like to ask not only the Mover but the Honourable Mr. Emerson on behalf of Government is this. Whither are we drifting? It is quite true that Government have been confronted with a very grave situation. It is undoubtedly the duty of even this irresponsible Government of India, constituted as it is, to meet the situation. We may have responsible Government shortly. But now Government is directed from so many miles away by an irresponsible Secretary of State to whom India is only a geographical expression. What will be the outcome of all this? Your motive in adopting some of these Ordinances, your motive in taking drastic steps to put down disorder may be quite correct. Your objective, my objective and the objective of my Honourable friend the Mover is the same—to put us on the road to self-government as quickly as possible. Are the Ordinances or the methods that you are adopting calculated to achieve the object in view. The loss of trust in the rulers is the chief cause of all the trouble. Are your methods now calculated to gain back that lost trust? While making allowance for all the difficulties of Government, I feel bound to tell you, belonging as the Honourable the Mover

does to a school of politics called moderates, I do feel that you are not pursuing all the methods that are necessary to avoid the present situation. I ask myself, supposing within six months or a year or even two years you are able to evolve a constitution, a constitution fairly acceptable to many people, have you imagination enough to ask yourself what will be the way in which it will be worked? What will be the situation when, in the future, as soon as the gates of the gaols are opened and thousands of men, many hundreds of women, young men and women are released? Do you expect them, having regard to all that they have undergone—it may be just or unjust, that is quite different—to work the constitution? I am only asking you to take human nature as it is, just as the Honourable the Home Secretary wanted also to pay sufficient attention to the human nature of the police in putting down disorder? Do you think the sullen discontent of these people, the thought of their wrongs and their sufferings, whatever may be the justification for Government, is likely to be forgotten? I submit in all humility that it will be long before these things are forgotten, and therefore I must express a feeling of disappointment at the debate to-day. There has been no approach to solve the question that I have raised. How long are you going to continue thus? Do you think it is good for the Government or for the people or for the cause you have in view, the stability of the British Empire in India, that this state of things should last long. I tell you honestly I am not happy and many others who are of my school are not happy. Here are the observations of a gentleman like Sir P. S. Sivaswami Aiyer, a man, I am sure, who is respected by the Government and the people. After stating all the difficulties of the Government, after condemning in unmeasured terms the starting of the civil disobedience movement and the no-rent campaign, after giving his most careful attention, as he himself says, as a detached liberal, he makes certain observations which I trust it is my duty to draw the attention of the Government to:

“Suffice it to say that they (Ordinances) practically amount to martial law and that if the people have any freedom, it is only by sufferance of the executive. The provisions are sweeping and the penalties severe”.

Then again:

“If the Ordinances are sweeping and draconian, the manner in which they are enforced is also calculated to estrange the sympathy of the public. The sentences imposed upon persons accused of trivial offences almost invariably reach the maximum limit of the law and suggest executive instructions to that effect. There is no proportion between the nature of the offence and the amount of the punishment”.

One observation more of Sir Sivaswami Aiyer I would like to quote:

“The severity of the repressive measures and the method of their enforcement can only have one effect: instead of winning popular support to the cause of law and order they are alienating the goodwill of the people and promoting feelings of sullen discontent especially at a time of terrible economic depression, when people are disposed to throw the blame on the Government for all the ills they suffer from”.

I think, Sir, this is a very fair and honest statement of the case and if this debate merely ends with answering the objections given by my Honourable friend Lala Jagdish Prasad, and others, I think it will not have served a good purpose. I am aware that under the terms of the Resolution the question that I have raised could not be discussed but I say in all conscience the time has come when you must evolve a different course to solve the problem that is confronting us. After all, it is no use denying that the root cause of the trouble is due to hopes deferred, promises not carried out and a fear that even the promises for the future will not be fulfilled. You have to take note of these

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facts. There are warnings uttered and suspicions engendered in the minds of people who have been your best friends and who, perhaps, even with your excesses, may try to stand by you for a long time to come. As my Honourable friend, Sir Cowasji Jehangir, said in another place, if you are trying to convince the people who feel that British rule is best for them and who will never think of severing their connection you must soon change your methods. From all that I have seen, from all that I have observed, from the talks that I have had with officials and non-officials, Europeans and others, it is clear that in many cases you have defeated the very ends you have in view. So far as the boycott is concerned, allow me to tell you that a European non-official merchant friend of mine said that these Ordinances had been among the most effective means of propaganda for boycott. So far as the *lathi* charges are concerned, I am surprised that the Honourable the Home Secretary has made no mention of it—allow me to tell you that we are willing to forget everything else, we are willing to support some of the measures of the Government, but the very sight of people being beaten publicly I must tell you produces a feeling of anger and resentment which it is the duty of every honest citizen, whether here or elsewhere, to draw the attention of the Government to. I refuse to believe that Government is not alive to the situation. I recollect years ago as a young boy listening to a speech by the late Sir Narayan Chandravarkar who said at a social conference that a woman of the depressed class beaten in the street by her husband at once ran up to the police and said: "My husband is beating me, therefore give me the protection of the law." If an ordinary convict or a prisoner in the lock-up was beaten by a policeman it was an offence in the old days, it is still an offence, and therefore I ask you to consider in all earnestness in the best interests of the country, whether you think this beating of people publicly is in the least calculated to promote the object you have in view, that is, the restoration of the confidence of the people in the maintenance of law and order. It is these *lathi* charges that alienate from you the sympathy of a large number of people who would otherwise sympathise with you much more heartily and sincerely than they do. The sight of a boy being beaten—and allow me to tell you—do not provoke me by asking for further evidence—my friends in the highest positions, men who have occupied positions of trust on Executive Councils, men who have been acting as Advocates General have seen these things—boy volunteers being beaten till they fell down and beaten again.

THE HONOURABLE SIR MANECKJI DADABHOY: Why did you not bring these cases to the notice of Government?

THE HONOURABLE MR. G. A. NATESAN: I am afraid my friend Sir Maneckji Dadabhoy is so engrossed in his own affairs that he does not know what is happening elsewhere. Have you not seen what is called the lawyers' protest from Madras, where a number of leading lawyers have protested to the Madras Government against the *lathi* charges. *Lathi* charges are not only made in an illegal fashion but they are made very improperly. I hope you have listened to the cautiously worded reference in the Honourable Mr. Emerson's speech to the isolated cases of ill-treatment, namely, that of Dr. Paton. Well, I will not take the time of the House any longer. My object is not to add to the acerbities of the situation or to ulcerate the wounds that have been inflicted but to ask Government to consider the situation as it is to-day. I am very pleased to-day to see that the Government thought it necessary through their spokesman to divulge publicly the terms of their instructions to Local Governments but kindly remember that when there exist side

by side the provisions of the ordinary law and the extraordinary powers under the Ordinances you are expecting something beyond human nature if you think they will use the former and not resort to the latter.

THE HONOURABLE SIR MANECKJI DADABHOY: That is what Mr. Emerson has said—because there were 12,000 prosecutions under the ordinary law and 4,000 prosecutions under the Ordinances.

THE HONOURABLE MR. G. A. NATESAN: My dear Sir, one or two isolated instances of abuse of a provision under an Ordinance is calculated to do much more damage than anything else. However, I will not dwell upon this point further and I would not have referred to it but for the interruptions. I would therefore ask the House and particularly the Honourable Members opposite—"Are you satisfied with the present situation? How long will it continue? And will you not take early steps to bring about a state of things that I and everyone else is looking forward to?"

THE HONOURABLE SIR PHILIP BROWNE (Bengal Chamber of Commerce): Sir, I have listened to the last speaker with considerable interest and his remarks are very much on the lines of a great deal one reads of speeches and statements made by Members of the so-called Moderate Party. The general cry is that Government should adopt a different attitude to help the position in the country but they never seem to make any constructive suggestions as to what Government should do. If you discuss it with them they say law and order must be maintained but that Government is not doing it on proper lines. The Honourable Member talks about the terrible tragedy of a small boy (who he mentions quietly is boycotting) being beaten. Well, Sir, I think small boys are made to be beaten. It makes men of them. In any case I do not think it is a terrible tragedy for a young rascal who is making a nuisance of himself that he should be well spanked. This is the type of tragedy we hear about and Government are appealed to to change their attitude. But no one ever suggests how they should change their attitude and the extraordinary thing is one never hears of the members of that party appealing to the Congress to adopt a different attitude. We never hear of them coming out in public and saying to the Congress; you have adopted the wrong attitude. They tell us here that they do not approve of the lines on which the Congress have instituted civil disobedience, etc. My friend the Honourable Mover said that he entirely disapproved of civil disobedience. I have never read of any speech made by him appealing to Congress to drop civil disobedience with its resultant subversion of law and order. Why cannot these people, instead of moving Resolutions asking Government to change their methods, get on to the other line and tell the Congress: "We do not approve of civil disobedience, we do not approve of many of your methods. Will you not change your methods?"

THE HONOURABLE MR. G. A. NATESAN: On a point of personal explanation, Sir. At every council of the Moderate Party and the Liberal Association, and individually and at the last two sessions of the Council of the League, civil disobedience has been denounced, non-co-operation has been denounced and the actions of the Congress have been denounced. If my Honourable friend

THE HONOURABLE THE PRESIDENT: The Honourable Member is making a second speech.

THE HONOURABLE SIR PHILIP BROWNE: I am very glad to hear that in the Honourable Member's case I was wrong. But still I do maintain that we hear very little or nothing of such suggestions. They may condemn the Congress line of action in a sort of general resolution, but we do not hear of any appeal to the Congress to adopt a patriotic attitude and to support law and order. We hear any amount of appeals to Government that the small boy should not be beaten for bad behaviour or that when a policeman is hit on the head by a brickbat, he should offer the other side of his head and not retaliate. I do ask the Moderate Party to come out more into the open, to make speeches, and write letters condemning the present attitude of the Congress. If they will do this I am sure it will be a help to their country and also a help to Government.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan): Sir, I rise to oppose the motion. Whatever constitution we are going to have in the future, we must all see that law and order is maintained at any cost. I entirely agree with the previous speaker when he said that the moderates ought to publicly denounce civil disobedience and ask the Congress to co-operate. Sir, except in stray speeches like these, we do not hear much of the moderates appealing publicly to the Congressmen to stop civil disobedience and picketing and co-operate with those who want to solve the future constitutional questions. What we want is that they should come out and say that what the Congress is doing is wrong. My Honourable friend Mr. Natesan said just now that some resolutions were passed in this connection. There has been nothing publicly announced so far that these resolutions have been passed by the moderates expressing their displeasure of the Congress activities and their picketing.

Coming to the Resolution of my Honourable friend, the first part says that :

"the special emergency powers should be exercised with the utmost moderation and restraint".

Sir, speaking for my own province, I think Government have issued strict instructions to the police that minimum force only should be used. They were doing it first with *lathi* charges. The *lathi* was condemned and now they have substituted *lathis* by small canes. The police might have no doubt in one or two instances exceeded their limits, but I do not think we can blame the Government for that. Of course, if specific instances are brought to the notice of the Local Governments, I am sure that Local Governments would take disciplinary action against those who have exceeded their instructions. Sir, a great deal has been said about these excesses. My Honourable friend Mr. Mehta has said that sometimes there are a few people collected in a place, a boy throws a stone, and immediately there is confusion, and pedestrians stop and a big crowd collects. These things can be avoided if only the Congress will cease picketing and co-operate with the members of the Round Table Conference to see that whatever future constitution we are going to obtain must be satisfactory to all.

Sir, coming to the third part of the Resolution, namely,

"that persons convicted of non-violent political offences should invariably be accorded special treatment in jails".

As my Honourable friend Raja Sir Rampal Singh has said, it is very difficult to do this. A man may simply picket and court jail, and then want the best treatment to be accorded to him in jail. This cannot be done. I have seen

many political prisoners in jails, and so far as I can see, they are given the best treatment possible. I am only returning this morning from a place where I have seen political prisoners. So far as I can see, they are comfortably looked after in jail. I am glad that my friend does not condemn the present treatment of politicals in jails. He only wants that persons convicted of non-violent political offences should invariably be accorded special treatment. This is impossible. The tax-payer cannot be asked to pay for their luxuries. I would make special appeal to my moderate friends to do what they can to dissuade Congressmen from picketing. Sir, I oppose the Resolution.

THE HONOURABLE SIR JOHN THOMPSON (Delhi : Nominated Official) : The Mover of this Resolution, Sir, in describing the sweeping nature of the Ordinances, said that they placed both him and you in daily jeopardy of your property and your life. I do not know, Sir, what percentage of unsoundness you would attribute to that argument so far as you yourself are concerned, but I think I shall probably not be going too far if I put it somewhere in the neighbourhood of a 100, and I would suggest that a great many of the arguments and the instances which have been advanced to-day should be subject to the same percentage of discount. The Mover and the Seconder of the Resolution and one or two other speakers who have while opposing the Resolution expressed their sympathy for it and for the motives which prompted it, have given us a number of instances. They have, as it were, led an attack on Government. But I think we shall all agree that they have been, as the papers say, most effectively dispersed by the mild *lathi* charges of Mr. Emerson, Mr. Mehta and others. What I really want to say something about is these *lathi* charges, especially the *lathi* charges which have been referred to as having taken place recently in the streets of Delhi. The Honourable Mr. Natesan has spoken of the bitterness which these *lathi* charges produce. The Honourable Sir Philip Browne has twitted him that he can suggest no alternative, and that is the line with which I feel myself in sympathy. What is to be done if you do not deal with crowds, with violent crowds, by *lathi* charges? Is it not the mildest method of dealing with them that you can devise? What would the Honourable Member have us do? To have the sub-inspectors of police palavering with threatening crowds who are hurling stones? Surely the thing is quite impossible. It is in the nature of a *lathi* to hurt and once there is a *lathi* charge it is quite impossible to regulate its strength as you regulate the pace of your motor car. There is no such thing as what I might call a slow motion *lathi* charge. The thing is impossible. As regards the Delhi Police, I would ask Honourable Members to bear in mind that these men, under strength, have been subjected to all manner of provocation, barracking and abuse. They have been pelted with stones: we found cases where stones had been collected at strategic points in order that they may be used if necessity arose, and in one case, a policeman was the subject of a murderous attack with a knife. I think if you total up the casualties and the severity of the casualties, you will find undoubtedly that it is the police who have suffered more than the crowds, and it is my belief that the Honourable Sir James Creer, in the remarks he made in another place yesterday was not going one fraction of an inch beyond the truth when he spoke of the self-restraint and self-control that had been displayed by the police in the capital of India.

THE HONOURABLE MR. Y. RANGANAYAKALU NAIDU (Madras : Non-Muhammadan): Sir, the Resolution which the Honourable Rai Bahadur Lala Jagdish Prasad has moved is mild as milk and water.

1 P.M.

There is no reason why the Government should not accept

[Mr. Y. Ranganayakalu Naidu.]

it. Parts of that Resolution appear to be a mere paraphrase of the instructions of the Government of India to the Provincial Governments. For instance, take the first part :

"That the special emergency powers which Government have assumed by means of Ordinances should be exercised with the utmost moderation and restraint so as to minimise the chances of abuse of powers on the part of Government's agents".

The Secretary of State for India in his last speech in Parliament has revealed that instruction on similar lines has been issued to Local Governments. Here are the words of the Secretary of State :

"First, the Government of India, recognising the responsibility attaching to the assumption of extraordinary powers would again bring to the notice of Local Governments the great importance of exercising control and supervision over the exercise of those powers, and second, they would request Local Governments to satisfy themselves with regard to alleged instances of abuse brought to the notice, which is, of course, the normal practice and procedure.

Some of the powers contained in the Ordinances are drastic and the Government of India attach great importance to control by Local Governments of their exercise".

In the light of the Secretary of State's revelation, I do not see why the Government should not accept the first part of the Resolution. Yet, there is no denying the fact that there have been several cases in which immoderation and lack of restraint have been displayed by the agents of the Government. Adequate reference had been made in the other House to the well known Dr. Paton's case in which this good missionary doctor of Tiruppur was belaboured by the European sergeants because he wore *khaddar* and went to see as a mere spectator how picketing was carried on. Dr. Paton belongs to an aristocratic family in England, being a relation of Lord Shaw. He was not a Congressman. His only offence was he wore Indian homespun. He had been doing it for some years. He is a most popular missionary doctor of Tiruppur; fancy the hose being turned on him and then severely thrashed.

Here is another case which was mentioned in the Bombay Legislative Council and which shows how the instructions of the Government of India are honoured in the breach. Mr. L. R. Gokhale, M.L.C., brought a specific case before the Council on the motion for a cut in the expenditure on the special police and gave an account of the manner in which a public meeting was "dispersed" in Poona on "Motilal" day, which called for specific replies on the part of the Government. About 6,000 to 7,000 people attended the meeting and on a sudden signal the police made a rush on the meeting hammering every one with *lathis*. It is this sudden and indiscriminate hammering of all and sundry, which is utterly indefensible. The methods which are employed on these occasions are a clear proof that the police are being given too great a licence and allowed to ignore the main consideration that should govern their conduct, namely, that there is no duty imposed on them to punish people for assembling on an occasion that has been declared unlawful, but their duty is to make the people disperse and, if force is necessary to achieve that object, to use only the minimum amount of force. There has been a similar abuse of the Ordinances in regard to the Press. The Press Act was amended by the Ordinance in regard to the Press. The Press Act was amended by the Ordinance behind the back of the Legislature. And the Press Act and the Ordinance are recklessly applied. I shall give you two glaring instances of the Press Act and the Ordinance being applied to non-Congress papers. *Week*, an independent Roman Catholic weekly, nationalist in outlook, but not in

any way connected with or affiliated to the Congress, has been ordered to deposit a security of Rs. 2,000 and is compelled, in consequence, to close down. The circular issued a month or so ago by the Bombay Government to newspapers said that there was no intention to penalise journals "ordinarily well-conducted" for an occasional offence against what the executive authorities may conceive to trespass on the field of forbidden comment. The *Week* is not a Congress organ, it has not supported or sympathised with unlawful activities, it has not incited to crime. It has not published anything which could be described as seditious under the Code. Take again the case of the *Daily Herald*, Lahore. It is a champion of the Hindu cause and it was threatened with heavy security for an article in which it championed the Hindu cause and denounced the weakness and folly of a neighbouring Government in an Indian State. The proper thing for the Government to do, if they were moderate, was not to threaten a responsible newspaper edited by a responsible and famous journalist under the Press Act as amended by the Ordinance with heavy security, but to have sent for him and had a friendly talk. If they found that he was unreasonable, then they could have sent a written warning, though in my opinion instead of threatening to take a security they should have decided to prosecute the editor. Perhaps they were afraid that the editor, not being a non-co-operator would defend himself and the Government had no case. Hence their resort to the short cut of the Ordinance, the abuse of the Press Act. It is the megalomania caused by the extraordinary powers which the Government have assumed under the Ordinances which is tending to take away from them the sympathy of all reasonable people who are not anti-British but pro-Indian.

Lastly, Sir, I would urge that political prisoners should be given special treatment. They should not be classified as criminals so long as they are not guilty of violence. In several cases they are put under the category of ordinary prisoners. This will leave a trail of bitterness behind, which all friends of India and Britain will sincerely deplore. In their pursuit of Ordinances, the Government must not forget the goal. The goal is Indo-British understanding. For that, we must have a settlement satisfactory to both countries. The chances of such a settlement will not be improved by lack of restraint, lack of moderation and lack of discrimination in the application of special laws and administration of the Ordinances.

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON :
Sir, I rise to oppose the Resolution. The circumstances which compelled Government to issue the Ordinances have been fully explained by the Honourable the Home Secretary. As to the use of the minimum force necessary, I say, Sir, that when a mob is bent on violence it is not easy to decide what is the minimum force necessary to cope with it. Opinions always differ as to the minimum force necessary on different occasions and we have to remember that the use of less force than is necessary at the proper time results in the situation getting out of control with disastrous consequences. (Hear, hear.)

As to special treatment regarding certain classes of prisoners, this Resolution if I may say so is vague and incomplete. No attempt has been made to define special treatment. The question is—is special treatment to be extended to the so-called political prisoners irrespective of their standard of living and social status. Perhaps further the question will be raised : "Are the short-term prisoners to be treated better than others because they shall have soon to part with the comforts of jail life?" I hope the Honourable Mover does not

[Nawab Malik Mohammad Hayat Khan Noon.]

intend that the prisoners should be made so comfortable in the jail that when they are released they should have the desire to repeat their offence to go back to jail? With these words I beg to oppose the Resolution.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, I am very thankful to the Honourable the Home Secretary for the conciliatory manner in which he has replied to the debate. But some of my Honourable friends who have criticised my speech have, if I may say so, overstepped the bounds which the Honourable Mr. Emerson set before him in speaking on my Resolution. And had it not been for the criticism of these Honourable Members I would not have attempted to make a reply. The Honourable the Chief Commissioner has criticised me for making a statement that the Ordinances have placed even respectable and peaceful citizens in jeopardy of their liberty and lives....

THE HONOURABLE SIR JOHN THOMPSON: I rise to make a personal explanation, Sir. What I said, quoting from the Honourable Member, was not that they had placed all respectable citizens in danger but that they had placed you and the Honourable Member himself in danger.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Well, Sir, you being the occupant of the Chair, I think I must exclude your personality from being brought into this discussion. But as to myself, I would say that although I may be a peaceful citizen but I cannot guarantee that a young son of mine who is below 16 may not turn a Congressman to-morrow. In spite of my wishes to the contrary, would it after all be possible for me to control him and to keep him within bounds? You know, Sir, that in these days when even parents and guardians are at a discount it can hardly be conceived that a son could be under the complete control of his father. And if my son should happen to go beyond my control do you think that the Ordinance concerned will not affect me and that I will not have to suffer imprisonment for an offence committed by my son?

Then, Sir, the Honourable the Chief Commissioner said that once a *lathi* charge was begun it was impossible to regulate its strength like the pace of a motor car. It seems to me, Sir, that in making this statement the Honourable Sir John Thompson has by implication shown, if I may say so, that his policy is at variance with the policy dictated by the Government of India, to which reference was made earlier by the Honourable Mr. Emerson, *viz.*, that instructions had been issued to the Local Governments that due moderation and restraint should be exercised in administering the Ordinances. So, Sir, I am rather surprised at the attitude taken up by the Honourable the Chief Commissioner in this matter.

Now, Sir, one of my friends here, the Honourable Mr. Mehta, said that if one could retaliate the other could do the same thing. Sir, do you think that the Government should take up the attitude that has been suggested by my Honourable friend?

THE HONOURABLE MR. H. M. MEHTA: Sir, I rise to a point of order. I never meant the Government. I said if one can do something the other can retaliate. It was a case of individuals, not the Government.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Who is that other, may I ask? My Resolution only recommends to the Government—and I had made it clear in my speech—that the Government should not act in a manner as to show a revengeful spirit.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Has it done so?

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: No, I never said so.

THE HONOURABLE MR. G. S. KHAPARDE: That is the charge implied in the Resolution.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: I simply said that it would be an act of magnanimity on the part of the Government if they adopted a policy of conciliation and love.

THE HONOURABLE MR. G. S. KHAPARDE: Have they not adopted it?

THE HONOURABLE MR. H. M. MEHTA: That is only one side of the picture.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Some of my friends said that the Congress did this and the Congress did that. I admit that the policy adopted by the civil resisters last year was, generally speaking, a policy of hooliganism. Every sane-minded person deplores that policy. But the question is that, if a certain section of the people has taken it into their heads to break the law, whether they should be dealt with in a retaliatory manner? I do not impugn that motive to the Government but I simply mention this for argument's sake. The Honourable Raja Sir Rampal Singh said that the civil resisters had been very cruel to the people. I admit that. Nobody approves of their actions. Then, the Honourable Mr. Emerson referred to a recent campaign that is going on in the province of Bihar and Orissa and in Bengal. Sir, my criticism covers this sort of campaign also. I am not a defender of this kind of conduct either on the part of the Congress or on the part of any section of Indians. What I advocate in my Resolution is that in face of the grave situation with which the Government are faced to-day, they should have due regard to the exercise by their agents of the utmost moderation and restraint in dealing with the situation in which we find ourselves to-day. This principle has been very gracefully accepted by the Honourable Mr. Emerson. He has publicly declared on the floor of this House that the Government of India has issued letters to all Local Governments, advising them that the powers under the Ordinances should be exercised with the utmost control and should not be abused as far as possible, and he has given us the contents of the circular letter. These instructions, Sir, would serve the object that I had in view in moving this Resolution. My Honourable friends Sir Philip Browne and Mr. Narayanaswami Chetti took the moderates to task for not preaching to the Congress the doctrines which we enunciate for the Government. To that, Sir, my Honourable friend Mr. Natesan has already replied. He has said that the moderates and liberals have made it unequivocally clear that they strongly disapprove of the present policy of the Congress, *viz.*, the policy of civil disobedience. The Honourable Mr. Emerson

[15TH MAR 1932.]

[Rai Bahadur Lala Jagdish Prasad.]

asked me, and rightly asked me, whether I had satisfied myself about the allegation of certain excesses committed in the district of Muzaffarnagar and if I had brought them to the notice of the local authorities. Sir, I did satisfy myself with regard to those allegations and I did approach the District Magistrate with a request that that state of things should be remedied. And I may tell him that the district officer on almost every occasion admitted that there had been certain excesses on the part of the police and their helpers, and that the district officer was trying to undo the mistakes of his subordinates. As I said, Sir, I am very thankful to the Honourable the Home Secretary for the way in which he has approached this subject, and I am glad that the Government of India have already issued instructions to Local Governments that the powers under the Ordinances should be exercised with due moderation and restraint and that there should be no abuse of powers so far as possible on the part of the executive. I am satisfied with these assurances.....

THE HONOURABLE MR. G. S. KHAPARDE: Will you withdraw?

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Although my Honourable friend has not seen his way to accept the third part of my Resolution, I think the time may come when the Government will recognise the class known as political offenders. If they do not recognise political offenders as a class at the present moment let them not do so. But as the Honourable the Home Secretary has said that the Government accept in principle the first two parts of my Resolution, I do not wish to create a feeling of bitterness by further pressing my point. I am satisfied with the assurance given and therefore, Sir, beg leave of the House to withdraw the Resolution.

The Resolution was, by leave of the Council, withdrawn.

The Council then adjourned till Eleven of the Clock on Thursday, the 17th March, 1932.

COUNCIL OF STATE

Thursday, 17th March, 1932.

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

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan): Sir, I do not propose to move for leave to introduce my Bill* to-day.

INDIAN LIFE ASSURANCE COMPANIES (AMENDMENT) BILL.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (Bihar and Orissa : Muhammadan): Sir, I rise to move for leave to introduce a Bill further to amend the Indian Life Assurance Companies Act, 1912. The reason for seeking leave to introduce this Bill is very simple. As I have stated in the Statement of Objects and Reasons, my object is to put a stop to the flight of capital, to ease the exchange, to strengthen the securities, and thereby to facilitate the Government's borrowings. The magnitude of business in life insurance is very great, and a sum of about Rs.8 crores is involved in annual premia in India. Therefore it is necessary that some sort of law should be passed by the Legislature to stop the flight of capital which is taking place from some of the non-Indian companies and some of the Indian companies as well. The Honourable the Finance Member himself felt the necessity for some law to tax monies invested outside India. I wish to mitigate his trouble and have some sort of law which will at least to a little extent stop the flight of capital from India to the outside world. Sir, with these few words I move for leave to introduce the Bill.

The motion was adopted.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: Sir, I introduce the Bill.

RESOLUTION RE AMENDMENT OF THE PRESIDENCY SMALL CAUSES COURTS ACT.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan): Sir, I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor General in Council to amend the Presidency Small Causes Courts Act for the purpose of appointing honorary judges in the Presidency towns, Bombay, Madras and Calcutta, for the disposal of cases to the value of Rs. 100 and below."

* A Bill to amend the Indian Police Act, V of 1861, section 34, clause 7, and the Indian Penal Code, Act XLV of 1860, section 294.

[Diwan Bahadur G. Narayanaswami Chetti.]

This is a modest Resolution and requires very few words of commendation from me. The experiment of appointing honorary magistrates for the disposal of criminal cases has been tried in almost every province and has proved to be an unqualified success. Even on the civil side, village courts and *panchayat* courts have for several years been at work in more than one province, and they are dealing with simple money suits of small value and have given considerable relief to salaried judges in the provinces in which they exist. Encouraged by the success of these experiments, I have brought this Resolution which recommends that in the places where the Presidency Small Causes Courts Act is in operation, steps should be taken to relieve the Presidency Small Cause Courts of all simple money suits of the value of less than Rs. 100 and to vest jurisdiction to try such suits in honorary judges of small causes. I cannot conceive of any serious objection being raised to this modest proposal. I know from intimate experience of my province at least that there are scores of retired officers and public-spirited gentlemen, with necessary leisure and ability, who would come forward for the purpose of taking up this work of honorary small cause judges. It is unnecessary that these judges should possess any considerable degree of legal knowledge. If even in the mofussil sufficient men can be obtained to act as *panchayatdars* in respect of small civil litigation, it cannot be seriously contended that in the metropolis of provinces men competent to deal with petty small causes cannot be obtained. After all it is only in exceptional cases that questions of law will arise, and in such cases suitable provision can be made to enable the parties to obtain a transfer, if so advised, to the stipendiary small cause judges. My proposal will relieve the Presidency small cause judges of a good deal of petty litigation and will enable them to devote themselves to superior work and also to have effective supervision on the execution of decrees in which there is considerable delay now. Looked at from every point of view, not only from the point of view of retrenchment but also from the utilitarian point of view, the Resolution ought to be accepted by the House. It is unnecessary for me to say anything further on the subject, because, as I have said, honorary presidency magistrates are working satisfactorily. Even in mofussil towns, there are honorary magistrates working satisfactorily. If we begin with the amendment of the Presidency Small Cause Courts Act and confine ourselves to the towns first, then the time may come to amend even the Provincial Small Cause Courts Act. Sir, I have much pleasure in moving the Resolution.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, the suggestion made in the Resolution is undoubtedly an attractive one and merits exploration. I desire, however, to point out to the House that this is a matter which relates to that part of the Provincial Subject of "Administration of Justice" which is not subject to legislation by the Indian Legislature. If Honourable Members will look at the Devolution Rules, Schedule I, Part II—Part II deals with Provincial Subjects—Item 17 is as follows:

"Administration of justice, including constitution, powers, maintenance and organisation of courts of civil and criminal jurisdiction within the province; subject to legislation by the Indian Legislature as regards High Courts, Chief Courts, and Courts of Judicial Commissioners, and any courts of criminal jurisdiction."

This being a matter which comes within the province of Provincial Legislatures, we cannot do anything here. The presidencies concerned must decide for themselves, and I venture to think that the Mover would perhaps better secure his object if he could persuade some Member in one or all the local

Councils of Bengal, Bombay and Madras to raise the question in his own province. Having regard to the Devolution Rules, the Government of India are not prepared to move actively in the matter as it is essentially one for the Local Governments themselves. Anyhow, a general discussion on this subject is welcome. I may mention that in some provinces there is a precedent in the honorary assistant collector who deals with rent and revenue cases. In the United Provinces, for example, honorary assistant collectors are disposing of minor rent and revenue cases. As I said, the suggestion is an attractive one, but it is not one for us to dispose of. A general discussion, however, may elicit views of Honourable Members and it must rest there. I hope after the general discussion the Mover will see fit to withdraw his Resolution.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal: Nominated Non-Official): Sir, apart from the question raised by the Honourable the Law Member that the matter concerned in this Resolution is a matter for provincial legislatures to act upon, I personally do not see the real object of this Resolution. Is it the object to reduce the number of judges in these small causes courts or is it to relieve them of overwork? Sir, I have some experience of the Calcutta Court of Small Causes, and from my experience I can inform the House through you, Sir, that there is not much in the way of overwork there. There are seven judges in the Calcutta Small Causes Court and one Registrar, and between them—I have seen the daily list—they perhaps deal with not more than 500 cases daily. That is not a small amount of work to turn out in a day. Then, Sir, in former days it was necessary to have honorary magistrates when the British first came into this country. At that time there were very few stipendiary magistrates and the Government desired the public to take some share in the administration of criminal justice. There were men of light and leading in particular places and there were also men of influence. So in their position as honorary magistrates they helped the stipendiary magistrates, who were very few in number, at that time, to carry on their work satisfactorily. Nowadays, the stipendiary magistrates are much more efficient than they used to be, say, about 50 years ago. At least, in Calcutta, there are not more than half a dozen honorary presidency magistrates who really do the work of presidency magistrates.

Sir, when I saw this Resolution, it reminded me of a story which I heard when I was a little boy. It was a case in my province. A man was made an honorary magistrate and after putting in about 20 years of honorary service, or some such length of time, he died leaving a son. The son then approached the district magistrate with an application that he should be appointed an honorary magistrate because, as being the heir to the father, that was his father's only living. I am afraid, Sir, this proposal may lead to things of that nature. About overwork of the Small Causes Court judges, if the Honourable Mover will pardon me, Sir, I will relate another story that I heard when I was young. In the Calcutta Small Causes Court, at that time, there were a small number of judges—I think three or four—but there was a large amount of suits. Well, one day a certain judge got notice that one of the High Court Judges was coming to inspect his court. Upon this his *Peshkar* was all in a tremble; he did not know what to do. There were thousands and thousands of cases that were pending. The *peshkar* came up to his superior and said: "Sir, the High Court Judge is coming. What are we to do?" The Judge said: "Never mind". The *peshkar* added: "Sir, you are never going to finish all the cases before he comes." The Judge replied: "That is my business; I will look after it." The fateful day arrived. The next day the High Court Judge

[Mr. Bijay Kumar Basu.]

would come. The Small Cause Judge then called up the *peshkar* and told him: "My dear fellow! you had better bring in two very big almirahs—that will do." The *peshkar* had them brought in. Then he told the *peshkar*: "Throw all the records of the Court pell mell into both of them." The *peshkar* acted as he was bid to do. Then the Judge came at about half-past four, just before going home, took a big piece of chalk and wrote "decreed" on one almirah and "dismissed" on the other!

Sir, these Rs. 100 small cause suits need not therefore be taken so seriously. I do not think, Sir, that it will serve any useful purpose to appoint honorary judges as suggested in the Resolution. I oppose the Resolution.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI: Sir, from my experience of small causes courts in Madras, I find there is a lot of petty litigation of Rs. 20 and above which need not be tried by the stipendiary judges and we will be able to retrench the expenditure by reducing one stipendiary judge for each small cause case could be tried I think, where necessary, by retired officials, retired district judges, retired deputy collectors and retired district magistrates, if possible. They would be very willing to take up this honorary work as they have nothing to do after taking their pension. For instance, Madras City has got about 200 honorary magistrates. Some of them are non-officials, men of leisure who come in.....

THE HONOURABLE MR. BIJAY KUMAR BASU: Sir, are there official honorary magistrates in Madras?

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI: I said "retired". They become non-officials after retirement. Therefore, Sir, I do not think there is any difficulty if at all in Government encouraging such honorary service being given.

THE HONOURABLE MR. BIJAY KUMAR BASU: May I inquire how many of these honorary magistrates in Madras really do work and how many of them are *nam-ke-washt*?

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI: There may be very few. You cannot get men of the type of Mr. Basu everywhere, of such a high level of intelligence, but still you have to carry on. Then, Sir, there is the execution work. The holder of a decree has insuperable difficulties to surmount at present before he can realise his decree. The difficulty is that he has to go about daily to court if he wants to get work done and see half a dozen clerks in the department.....

THE HONOURABLE MR. BIJAY KUMAR BASU: It will be aggravated if you have honorary judges.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI: Therefore, I thought, Sir, that the judges may be relieved of such petty work. In the Madras Presidency you have got *panchayat* courts which are doing splendidly. Village courts are regularly trying suits below Rs. 20 and Rs. 25. They are also doing well. There will be no difficulty in getting the men. And then, Sir, you can gradually get better men to do the work. It will take time, but if it is successful it can be extended to the districts. For the time being we may confine the appointment of honorary judges to the

small cause courts of the Presidency-towns. That is why I say "Madras, Calcutta and Bombay". I think a number of retired officials who have nothing to do would be willing to do work of this sort. And therefore, Sir, I do not think there will be any difficulty in getting proper men. Mr. Basu has failed to convince me. Of course, some of them in the beginning may make mistakes, but honorary magistrates are already doing good criminal work.

THE HONOURABLE MR. BIJAY KUMAR BASU: Sir, does the Honourable Member realise that civil law is much more complicated than criminal law?

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI: Sir, there is not much difficulty in civil law. These are small *ex parte* and petty cases.

THE HONOURABLE MR. BIJAY KUMAR BASU: My friend will have the "decreed" and "dismissed" type of judges.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI: And, therefore, Sir, I do not think there is any difficulty from any point of view. However, as the Law Member thinks it is a matter for the provinces, I do not press my Resolution.

The Resolution was, by leave of the Council, withdrawn.

ELECTION OF TWO NON-OFFICIAL MEMBERS TO THE STANDING COMMITTEE FOR THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

THE HONOURABLE THE PRESIDENT: With reference to the election of two non-official Members to the Standing Committee for the Department of Education, Health and Lands, I have to declare the Honourable Sir David Devadoss and the Honourable Saiyed Mohamed Padshah Sahib Bahadur duly elected, those being the only two Members who have been nominated.

BALLOT FOR THE ELECTION OF SIX NON-OFFICIAL MEMBERS TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: The Council will now proceed to elect six non-official Members to serve on the Central Advisory Council for Railways.

I need not read out the names of the nine Honourable Members who have been nominated because the ballot papers will now be placed in Members' hands. As I said the other day, the election will be according to the principle of proportional representation by means of the single transferable vote. I think most Honourable Members are well aware of the procedure now, but perhaps it would be as well if they read the instructions at the foot of the ballot paper.

(Ballot papers were then distributed and Honourable Members recorded their votes.)

THE HONOURABLE THE PRESIDENT: As the Council will not meet again for a week, I shall have the result of the election, which takes a little time to work out, communicated to Honourable Members by circular as soon as conveniently possible.

The Council then adjourned till Eleven of the Clock on Thursday, the 24th March, 1932.

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COUNCIL OF STATE.

Thursday, 24th March, 1932.

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

MEMBERS SWORN :

The Honourable Mr. John Nesbitt Gordon Johnson, C.I.E., I.C.S. (Delhi : Nominated Official).

The Honourable Mr. David George Mitchell, C.I.E., I.C.S. (Legislative Department : Nominated Official).

QUESTIONS AND ANSWERS.

TAXATION OF INCOMES EARNED DURING THE YEAR ENDING 31st MARCH, 1931, UNDER THE INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) ACT, 1931.

79. THE HONOURABLE SIR DAVID DEVADOSS : (a) Will Government be pleased to state whether it is their intention that incomes earned during the year ending 31st March, 1931, should be taxed under the Finance Act of 1931.

(b) Whether such incomes are liable to surcharge under the said Act.

THE HONOURABLE MR. A. F. L. BRAYNE : (a) Incomes earned during the financial year 1930-31 are liable to tax under the Finance (Supplementary and Extending) Act, 1931.

(b) Yes, under the Indian Income-tax Act. But under a Notification, No. 11, dated 4th April, 1931, income from salaries, interest on securities or dividends, received in 1930-31 and in respect of which tax was recovered during that year, is not liable to reassessment in 1931-32 at the higher rates imposed by the two Finance Acts of 1931.

ASSESSMENT OF INCOME FROM PROFESSIONS AND CALLINGS AND PROPERTY UNDER THE INDIAN INCOME-TAX ACT, 1922.

80. THE HONOURABLE SIR DAVID DEVADOSS : Will Government be pleased to state whether income from professions and callings and from property is liable to assessment under the Income-tax Act, 1922, as soon as it is earned or received even though the collection of the tax thereon is after the close of the year in which it is earned or received.

THE HONOURABLE MR. A. F. L. BRAYNE: No. All income is liable to assessment in the financial year following that in which it accrues or arises or is received, since under the Indian Income-tax Act, 1922, the assessment is made on the income of the previous year.

REFUND TO ASSESSEES OF INCOME-TAX ON SALARIES AND INTEREST ON GOVERNMENT SECURITIES COLLECTED IN 1932 IF THE FINANCE ACT, 1931, IS REPEALED.

81. THE HONOURABLE SIR DAVID DEVADOSS: (a) Will Government be pleased to state whether income-tax on salaries and interest on Government securities is not collected when they are paid.

(b) If the answer is in the affirmative will Government be pleased to state whether, if the Finance Act of 1931 is repealed in 1933, the tax collected under the Act in 1932 will be refunded to the assessee.

THE HONOURABLE MR. A. F. L. BRAYNE: (a) Income-tax is deducted at source at the time of payment from salaries and interest on securities and such income-tax is treated as an advance collection for which credit is to be given to the assessee in the succeeding financial year.

(b) The Finance (Supplementary and Extending) Act of 1931 applies to the financial years 1931-32 and 1932-33. There is no question of the repeal of the Act in 1933-34, which I presume is the year to which the Honourable Member intends to refer, since it automatically lapses at the end of the year 1932-33. The answer to the question depends on the provisions of the Finance Act of 1933-34, which I cannot foresee; but it seems most unlikely that the Legislature would sanction such refunds as the Honourable Member mentions.

NUMBER OF PERMANENT, TEMPORARY AND LEAVE VACANCIES IN THE ASSISTANTS' AND CLERKS' GRADES IN THE ARMY DEPARTMENT, ETC.

82. THE HONOURABLE MR. SYED ABDUL HAFEEZ: Will Government please lay on the table of the House a statement showing:

(i) the number of permanent, temporary and leave vacancies in the assistants' and clerks' grades separately from 1st April, 1930 to 31st January, 1932 in the offices mentioned below:

- (1) Army Department.
- (2) Finance Department (Military).
- (3) Headquarters, Royal Air Force.
- (4) General Staff Branch, Army Headquarters.
- (5) Adjutant General's Branch, Army Headquarters.
- (6) Military Secretary's Branch, Army Headquarters.
- (7) Master General of the Ordnance Branch, Army Headquarters.
- (8) Medical Branch, Army Headquarters.
- (9) Accountant General, Posts and Telegraphs.

(ii) The number of Hindus, Muslims, Sikhs, Anglo-Indians and other minority communities appointed in each of the above offices as assistants and clerks, separately.

(iii) Were the orders of the Government of India regarding the reservation of vacancies for the appointment of persons of minority communities, especially Muslims, observed? If not, why not?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (i) and (ii). The information is not available, and could not be obtained, if at all, except by the expenditure of time and labour which, in the opinion of Government, would be totally disproportionate to the results.

(iii) The orders of the Home Department on the subject are scrupulously observed.

VACANCIES IN THE CLERICAL GRADE OF THE GENERAL STAFF BRANCH, ARMY HEADQUARTERS.

83. THE HONOURABLE MR. SYED ABDUL HAFEEZ: (a) Is it a fact that very recently vacancies occurred in the clerical grade in the General Staff Branch, Army Headquarters?

(b) Is it a fact that girl clerks have been entertained to fill up the said vacancies?

(c) Is it a fact that the number of girl clerks in the General Staff Branch, Army Headquarters, is 25?

(d) If so, will Government please say why the orders of the Government of India regarding the reservation of vacancies for the appointment of persons of minority communities, especially Muslims, were not observed?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) and (b). Yes. As one of the measures of economy in this Branch, eight first and second division posts previously held by European clerks have been replaced by the same number of third division posts, and are held by lady clerks.

(c) The correct number is 30.

(d) Communal proportions are not observed in regard to these particular posts, as it is considered necessary that they should be held by Europeans.

PERMANENT AND TEMPORARY VACANCIES IN THE OFFICE OF THE DIRECTOR GENERAL, INDIAN MEDICAL SERVICE, BEFORE AND AFTER RETRENCHMENT.

84. THE HONOURABLE MR. SYED ABDUL HAFEEZ: (a) Is it a fact that two Muslim, one Hindu and one Anglo-Indian clerks have been retrenched from the Office of the Director General, Indian Medical Service.

(b) Will Government please state why two Muslims have been retrenched?

(c) Will Government please lay on the table of the House a complete list of the ministerial establishment of the Office of the Director General, Indian Medical Service, before and after retrenchment, showing permanent and temporary vacancies with the nationality of the holders of the posts.

THE HONOURABLE MAJOR-GENERAL J. W. D. MEGAW: (a) No. Three Hindus, two Europeans and one Muslim have been retrenched. Another Muslim who was due for superannuation in the ordinary course on attaining the age of 60 in October next and had rendered 39 years' service has proceeded on leave from 1st March, 1932; his post will also be abolished on the expiry of the leave due to him.

(b) The retrenchment of two Muslims will not disturb the proportion of Muslims in the office. The number of Muslims before retrenchment was 11 out of 43; after retrenchment, it is nine out of 36.

(c) A statement is laid on the table.

List of the ministerial establishment of the Office of the Director General, Indian Medical Service, before and after retrenchment.

Posts.	Before retrenchment.				After retrenchment.			
	Hindus.	Muslims.	Europeans and Anglo-Indians.	Indian Christians.	Hindus.	Muslims.	Europeans and Anglo-Indians.	Indian Christians.
Chief Superintendent . . .	..	..	1	..	..	..	..	..
Superintendents . . .	..	..	2	..	..	..	2	..
Assistants . . .	8	3	4	1	7	2	3	1
Clerks . . .	13	8	..	..	11	7	..	..
Stenographers . . .	3	..	..	..	3	..	..	..
Total . . .	24	11	7	1	21	9	5	1

RETRENCHMENT OF THE ASSISTANT CASHIER IN THE OFFICE OF THE DIRECTOR GENERAL, INDIAN MEDICAL SERVICE.

85. THE HONOURABLE MR. SYED ABDUL HAFEEZ: (a) Is it a fact that the Assistant Cashier of the Office of the Director General, Indian Medical Service, has been retrenched while the Cashier who had attained superannuation and rendered more than 34 years' service has been retained?

(b) If so, will Government please state whether the retention of the Cashier is in accordance with the Home Department orders relating to retrenchment?

(c) Is it a fact that the Assistant Cashier has applied for concessions to proceed to South America?

(d) Will Government please state which would be more economical (1) to grant concessions to the Assistant Cashier to proceed to South America or (2) to retain him as Cashier till his retirement is matured.

THE HONOURABLE MAJOR-GENERAL J. W. D. MEGAW: (a) Yes, but the Cashier has neither attained the age of superannuation nor rendered 34 years' service.

(b) Yes. The Assistant Cashier was selected for retrenchment on account of his hopeless insolvency.

(c) Yes.

(d) As it was undesirable to retain the Assistant Cashier for the reason mentioned above, the question whether it would be more economical to retain him than to retrench him does not arise.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

THE SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to extend the operation of the Salt (Additional Import Duty) Act, 1931, which was passed by the Legislative Assembly at its meeting held on the 23rd March, 1932.

STATEMENT LAID ON THE TABLE.

COMMERCIAL TREATIES AND NOTES AFFECTING INDIA.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, I beg to lay on the table a further list of commercial treaties and notes affecting India.

PART I.

The Notes mentioned in this part merely provide for the prolongation until the 16th February, 1932, under the same conditions as now obtaining, of the Provisional Commercial Agreement concluded between the Egyptian Government and the Government of the United Kingdom and Northern Ireland by the Notes, dated the 5th and 7th June, 1930.

Country.	Nature of agreement.	Description.	Date.
Egypt. . .	Notes . . .	Commerce . . .	February 14/22, 1931.

PART II.

Agreements to which India is a party :—*Nil.*

RESOLUTION RE AMENDMENT OF THE RESOLUTION ON ROADS ADOPTED BY THE COUNCIL ON THE 4TH MARCH, 1930.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I move:

"This Council recommends to the Governor General in Council that the Resolution on roads adopted by this Council on the 4th March, 1930, be amended by the deletion from clause 5 of the words:

'As an exception to this rule, the amount available for Burma may, for the present, be spent on any scheme of road development that is approved by the Local Government with the concurrence of the Local Legislature;'

and the substitution of the words:

'As an exception to this rule, the amount available for Burma shall be apportioned separately in the ratio specified in clause 3 (b) (i) between the Shan States and the remainder of Burma. The amount available may, for the present, be spent on any scheme of road development that is approved, in the case of the Shan States by the Governor after consultation with the Federal Council, and in the case of the remainder of Burma by the Local Government with the concurrence of the Local Legislature.'

Sir, the Council will remember that the Roads Committee recommended the imposition of a petrol tax with a view to encourage the development of roads. The idea was to encourage the development of through roads; but so far as Burma was concerned, they recognised that the conditions of Burma were

[Mr. J. A. Shillidy.]

such that through communication between Burma and India was not at present feasible. Therefore a special exception was made and Burma was to be allowed to spend the money so obtained on such schemes of road development as were approved by the Local Legislature. It was however noticed later that the money which came to Burma included the share of the Shan States. Expenditure on the Shan States is however removed from the purview of the Burma Legislative Council. The amendment which I am now moving to this Resolution therefore merely seeks to restore the correct constitutional position inasmuch as expenditure which is incurred in the Shan States has to be incurred by the Governor in consultation with the Federal Council and in Burma by the Governor in Council with the concurrence of the Local Legislature. The amendment is necessary, Sir, in view of the constitutional position. I move.

The motion was adopted.

RESOLUTION RE INCREASED IMPORT DUTIES IMPOSED ON GALVANIZED IRON AND STEEL PIPES AND SHEETS.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, I beg to move the following Resolution which stands in my name :

"This Council recommends to the Governor General in Council that the increased import duties imposed by Notification No. 260-T. (127) Tariffs, dated the 30th December, 1930, as amended by Notification No. 260-T. (127) Tariffs, dated the 21st March, 1931, in exercise of the powers conferred by section 3 (4) of the Indian Tariff Act, 1894, on galvanized iron and steel pipes and sheets for the period from the 30th December, 1930 to the 31st March, 1932, be continued up to the 31st March, 1933, and that the duties should not be reduced unless at any time before that date, the Governor General in Council is satisfied that circumstances have changed so radically as to render the maintenance of the duties at the increased rates clearly unnecessary and undesirable."

This Resolution, Sir, does not present to the House any entirely new matter. The House will remember that rather more than a year ago a Resolution was carried recommending that the increased duties which had been imposed in December, 1930 on galvanised sheets and certain articles made from galvanised sheets should be continued up to the end of the current month and that before that date Government would make an inquiry into the question whether this increase in the duty might not be replaced wholly or in part by a bounty to the producers of galvanised sheets. Now, Sir, the circumstances in which those duties were originally increased are no doubt still within the recollection of Honourable Members of this House. I might briefly state what the position was. In the first place the Steel Act of 1927 placed in the Indian Tariff Act a provision which enabled the Governor General in Council, after such inquiry as he might think necessary, to increase without going to the Legislature the duties on certain protected articles manufactured from iron and steel. The power was given in order to prevent the protective duty which had been imposed by the Legislature from becoming ineffective owing to any considerable fall in the price of the imported competing article. About September, 1930, the Tata Iron and Steel Company approached the Government of India with a request that the Governor General in Council would exercise this power of imposing what is generally known as an offsetting duty. The Government of India referred the question to the Tariff Board and the Tariff Board made an inquiry in October, 1930, as the result of which it found that the price of imported galvanised sheets had fallen so much that the protection given to the Indian manufactured article was completely ineffective, and it recommended that the duty, which was then Rs. 30 a ton, should be

increased to Rs. 67 a ton and that the increased rate of duty should remain in force for the remaining period of the protection to the steel industry, that is, up to the end of March, 1934. The Government accepted the Board's findings generally and proposed originally that they should be accepted as they stood,—that is to say, that the duty on galvanised sheets should be raised to Rs. 67 a ton and that that rate should remain in force until the 31st March, 1934. Subsequently, however, they moved the modified form of Resolution to which I have just referred and the increased rate of duty will, unless it is extended, expire at the end of the current month. Now, coupled with the extension of the increased rate of duty to the end of the current month, was an undertaking by Government that they would conduct an inquiry to ascertain whether the increased duty might be replaced wholly or partly by a bounty on production. They were quite prepared to admit that at any rate theoretically, a bounty might be the more appropriate method of giving the protection that is necessary to the Indian producers of galvanised sheets, but what they had to say quite definitely was that in the existing financial circumstances the Government of India were unable to consider the payment of a bounty. They promised, however, that they would examine this question whether administratively the payment of a bounty on the production of these sheets would be possible without undertaking that if there appeared to be no administrative objection they would adopt the principle of a bounty in place of the duty. Now that inquiry into the administrative aspect of the question was made three or four months ago by an officer of the Indian Audit Department with the assistance of the Metallurgical Inspector at Jamshedpur, and those officers came to the conclusion that there would be no insuperable difficulty so far as administrative arrangements were concerned. So far therefore as that aspect of the case was concerned, no difficulty appeared to exist. But, on the other hand, I need not remind Honourable Members that so far from the financial situation having improved since the Resolution in question was moved, rather more than a year ago, it has become in the meantime distinctly worse. It became quite certain that Government could not agree to the payment of a bounty and they therefore propose that the whole of the protection required should continue to be given by means of this increased duty, but the period for which this increased duty is to be extended is to be only one year, leaving still one more year before the expiry of the period during which the Steel Protection Act will be in force. It is of course always possible that the alternative method of giving protection by means of a bounty may yet be found practicable, and therefore the Government decided that there was really no need to legislate for so long a period as two years, and the period has been limited to one more year. That, Sir, explains—I hope sufficiently—the meaning of this Resolution and what exactly it is intended to do.

Before I conclude what I have to say, I think the House might like to hear from me what changes there have been in the position in regard both to import and production in India of galvanized sheets since this question was last before them. I take, in the first place, the question of imports. I think the point that I want to make will probably be clear if I quote a passage from paragraph 6 of the Tariff Board's Report on its enquiry into the need for additional protection to galvanized sheets. What the Board said was this :

"The general line of argument in favour of a bounty is as follows. The import of galvanized iron sheeting varies between 325,000 tons and 275,000 tons annually. The production of the Tata Iron and Steel Company has so far not exceeded 25,000 tons annually. To protect this small output, it would be unreasonable to impose a duty on imported sheet, since thereby a burden would be imposed on the country out of all proportion to the benefits which would accrue to the industry."

[Mr. J. C. B. Drake.]

Now, Sir, as against those figures which were then collected by the Tariff Board of imports between 325,000 tons and 275,000 tons, imports to-day have fallen to an average of about 7,000 tons a month, or roughly 84,000 tons a year. The Tata Iron and Steel Company on the other hand are taking active steps to increase their production of galvanised sheets and they expect that from the end of next month they will be able to produce at the rate of 4,000 tons a month, or about 48,000 tons a year as against 84,000 tons of imported sheets. The House will see from these figures that the preponderance of imports over local production has been very greatly reduced since the matter was considered rather more than a year ago. The other point that I should mention is this. Under the Supplementary and Extending Finance Act of last November the general surcharge imposed for revenue purposes of 25 per cent. was automatically added to the increased duty on galvanised sheets, and the duty of Rs. 67 a ton thus became a duty of Rs. 83-12-0 a ton. In considering whether this further increase ought to be made in this particular duty, Government were guided by two considerations. In the first place, if a general surcharge is placed upon all imports in order to obtain more revenue, then it would require very exceptional reasons to justify the exemption of any particular article from this surcharge. There is this other reason also, that the price of imported galvanised sheets has fallen very considerably since the duty of Rs. 67 a ton was imposed in order to make good the protection which was originally intended to be given by the Legislature to this industry. I shall probably put the point most clearly to the House if I say that in spite of the increase of Rs. 16-12-0 a ton in the duty the market price of galvanised sheets to-day is slightly lower than what it was in February, 1931. If, therefore, the surcharge had been specially removed from this article, it is clear that the protection intended to be afforded originally by increasing the duty would have been considerably lessened and perhaps made quite ineffective.

That, Sir, is I think all I need say and I move my Resolution.

The motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR BROJENDRA MITTER (Leader of the House): Sir, the only business for the day on which the Council next meets will be the consideration and passing of the one Bill which was laid on the table to-day. Five further Bills which it is desired to pass into law before the session terminates are still pending in the Legislative Assembly. The Assembly is sitting to-day but will not sit again till Tuesday next. In these circumstances the most convenient arrangement would perhaps be for the Council to adjourn till Wednesday, the 30th March, as it may be hoped that some at least of the five pending Bills will have been passed by the Legislative Assembly on Tuesday.

THE HONOURABLE THE PRESIDENT: I am inclined to agree with the Honourable the Leader of the House that it would be inconvenient to Honourable Members if I called a meeting at an early date to consider the two-clause Bill laid to-day, which is all that has come along from the other place since we last met a week ago. Sharing the hope of the Honourable the Leader of the House that there may be more Bills to be dealt with after Tuesday, I adjourn the Council till Eleven of the Clock on Wednesday, the 30th March.

The Council then adjourned till Eleven of the Clock on Wednesday, the 30th March, 1932.

COUNCIL OF STATE.

Wednesday, 30th March, 1932.

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

MEMBER SWORN:

The Honourable Major-General James Drummond Graham, C.I.E., V.H.S., I.M.S. (Government of India: Nominated Official).

DEATH OF MR. K. V. RANGASWAMY AIYANGAR.

THE HONOURABLE SIR BROJENDRA MITTER (Leader of the House): Sir, it is my painful duty to bring officially to your notice the sudden death of the Honourable Mr. K. V. Rangaswamy Aiyangar. Sir, at the beginning of this session when Mr. Aiyangar attended this House he was in good spirits and full of hope that he would be able to discharge his duties this session; but that was not to be. He was taken ill and after a short illness passed away day before yesterday. Sir, Mr. Aiyangar was in the prime of life and it was hoped that he had many years of public service before him. He came of an aristocratic family of Southern India and from his early years devoted his time, energy and talents in the service of his country. He was Chairman of the Municipality of Srirangam, his native town, and for nearly 17 years he was connected with the Central Legislature. Before the present Constitution came into existence he was a Member of the old Imperial Council and since then he sat both in the Assembly and in this House. Sir, Mr. Aiyangar was a man of progressive views and he always expressed himself with conviction and moderation. He had great charm of manners and the capacity to make and retain friends. He will be missed in this House as well as in his own presidency. His sudden and tragic death is a matter of great sorrow and our request is that you, Sir, will convey our sympathy to the bereaved family.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to associate myself fully with the remarks which the Honourable the Leader of the House has made to-day. In the Honourable Mr. K. V. Rangaswamy Aiyangar we have lost a charming personality and a great public man who was a philanthropist as well as an orthodox religious leader of India. I have been in South India many times and I found that he was immensely popular in his province and was very well known for his charities and hospitality. As the Honourable the Leader has said, he has been in both Houses of the Central Legislature and I had the privilege of being his colleague in this House ever since its inception. He was an ardent member of the progressive party of this Council and we all mourn his loss, which loss is not only to the Council but to all India.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I wish to add a few words to what has been said by our respected Leader and also by Rai Bahadur Lala Ram Saran Das. Mr. K. V. Rangaswamy Aiyangar and I came to this Council, or rather to the Council that existed before this one, together, and we lived together and for a long time I was very intimately associated with him. He took immense trouble with his work. He always read a great deal and what was more he was entirely a very great social man. He kept open house and hardly a man came there seeking assistance and went away empty-handed. He was always very charitably disposed and I have no doubt that if God had spared him for some more time he would have done a great deal for India and for the British Government. As it is we must accept the inevitable; his memory, however, will remain green with a large number of people whom he assisted.

*THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Sir, as one who knew Mr. K. V. Rangaswamy Aiyangar almost from his boyhood, I should like to associate myself with the very generous tributes that have been paid to his memory. Coming of a very ancient and aristocratic family of Southern India noted for its philanthropy and public charities, it may be truly said that Mr. Rangaswamy Aiyangar almost till the last day maintained the reputation of his family. There was hardly a public institution or private body which did not appeal to him for assistance and which did not get it in a very generous manner. Many a poor family and many a poor student have received help from him. Indeed, those who knew Mr. Rangaswamy Aiyangar always used to say that he was generous to a fault. His activities were many-sided. Education, civics, industrial development, politics, all alike engaged his attention. He has died amidst some of his intimate friends, but, alas, thousands of miles away from his dear old mother, his two daughters and his only son. Forty-six is a comparatively young age in any country and it is very sad to think that such a sweet and genial soul like him has passed away. May his soul rest in peace?

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, permit me to associate myself entirely with what has fallen from the lips of my predecessors. It was indeed a shock to us when we learnt, to our utmost regret, that the Honourable Mr. K. V. Rangaswamy Aiyangar had passed away.

I think, Sir, he had been in the Central Legislature for over a decade and was a useful Member. From what I came to know of him by personal contact I can say that he was every inch a gentleman and a true friend whom we all admired and respected for his genial temperament, amiable disposition and affable manners. We offer our sincere condolences and profound sympathy to the members of his bereaved family and I hope, Sir, you will kindly convey a message of sympathy and sorrow from the House to them.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians): Sir, I wish to associate myself with all that has already been said. Mr. Rangaswamy Aiyangar was a warm friend, a genial host and a philanthropic citizen. He used the large fortune which he inherited in doing not only works of charity but in helping any good cause. It is very sad to think that he has been cut off in the prime of life. When we met here only two or three weeks ago we never thought that his life was going to be so short. We all feel sorry, Sir, that a man of his antecedents and his great qualities has passed away without finishing his life's work.

*Speech not corrected by the Honourable Member.

*THE HONOURABLE MR. SYED ABDUL HAFEEZ (East Bengal: Muhammadan): Sir, I rise to associate myself with what has been said by the Rai Bahadur and my other colleagues on the very sad and untimely demise of one of our colleagues, Mr. K. V. Rangaswamy Aiyangar. I offer my sincere condolences to the bereaved family.

THE HONOURABLE THE PRESIDENT: I desire to associate the Chair with the expressions of sorrow which have been given from all sides of the House and in accordance with what is obviously the unanimous desire of Honourable Members I shall convey a message of sympathy to the bereaved relatives of our late colleague, Mr. K. V. Rangaswamy Aiyangar.

SALT ADDITIONAL IMPORT DUTY (EXTENDING) BILL.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I move that the Bill to extend the operation of the Salt (Additional Import Duty) Act, 1931, as passed by the Legislative Assembly, be taken into consideration.

Sir, a Bill imposing a special duty on foreign imported salt was discussed at length in the House a year ago but perhaps I may be permitted to recall to the minds of Honourable Members a few of the salient features of the position. As a result of considerable pressure from public opinion, Government set up a Tariff Board inquiry into the salt industry in order to discover whether India could be self-supporting as regards salt production. The answer of the Tariff Board was that India could be self-supporting but in order to do so it would be necessary for her to increase the supply from her own sources of something like half a million tons of fine white crushed salt which has hitherto been imported into Calcutta from foreign sources. In order, however, to secure the development of salt production it was essential in the opinion of the Tariff Board that a stabilised fair price should be fixed. This they considered to be Rs. 66 per 100 maunds at Calcutta. Prices previous to that had fluctuated very considerably in the five years up to 1929. They had ranged from something like Rs. 50 to Rs. 120. The Board further considered that the Government should control all supplies of imported salt and eventually set up an unofficial Marketing Board. Government felt some doubt about these recommendations and the next step they took was to take into their counsels a Committee of the Legislative Assembly. This Committee after considerable deliberation evolved a much simpler scheme; in their opinion the best way of achieving the ends desired, that is to say, the improvement of production and the stabilisation of prices, was to impose a special duty on foreign salt of 4½ annas a maund which would secure to the producer a fair selling price of about Rs. 66 per 100 maunds. A Bill on these lines was passed in this House a year ago and we can now after a year review the working of that measure. As regards production in the first nine months of the current year as compared with a similar period last year, the clearances of foreign salt in the Bengal ports of Calcutta and Chittagong have fallen from 80 lakhs of maunds to 24 lakhs of maunds, while clearances of Indian salt (including Aden salt) have risen from 40 lakhs of maunds to 80 lakhs of maunds, that is to say, they have doubled in that period of nine months. Thus the duty has achieved the object of restricting imports of foreign salt and encouraging imports of Indian salt.

As regards prices, the immediate result of the Bill was an increase from the abnormally low figure of Rs. 40 per 100 maunds to Rs. 62 per 100 maunds and

*Speech not corrected by the Honourable Member.

[Mr. A. F. L. Brayne.]

by October last that figure had risen to Rs. 66 per 100 maunds, which was the figure laid down by the Tariff Board, and it has stayed there since that time. Thus stability of prices has been achieved. As regards development of production in India, arrangements for the supply of white crushed salt from Khewra have been rapidly progressing and these will be assisted by substantial concessions on railway freight. Other sources of supply from the sea-coast are also being developed.

There is, however, one feature of this measure and that is that out of the 80 lakhs of maunds of imported Indian salt something like 65 lakhs of maunds come from Aden where production has doubled, that is to say, the production at Aden has increased from 32 lakhs of maunds to 65 lakhs of maunds. Production from other Indian sources, *i.e.*, Karachi, Okha, etc., has gone up from eight lakhs to 14 lakhs of maunds. Now, as the House is aware, Aden is within Indian limits and the prosperity of Aden has been developed largely by Indian enterprise and Indian capital and to that extent it is most satisfactory to find that such an impetus has been given to the production of Aden salt, but at the same time it is not the primary intention of the Tariff Board or of the Committee of the Assembly that recommended the duty that the production of Aden salt should be increased to the danger of internal production in India, the development of which was the main object of the recommendation. It will be remembered that one of the reasons which led to the outcry for the production of salt in India was the experience of the Great War when there was considerable difficulty in securing salt. Now, if we are made to depend very largely and almost entirely on supply from Aden, the same danger remains and it is therefore most desirable to increase the production of salt in India, particularly salt in the interior of India which does not have to be carried by sea. The whole question has been again considered by the Salt Committee of the Assembly and they have recommended that the present system should be continued for another year, and that is the recommendation in the Bill before the House. And during that year it will be necessary to give the most careful attention to the consideration of what plans can be evolved for the future. The main questions which the Salt Committee thinks should be considered are :

- (1) Whether a quota system should not be devised which would allot a reasonable supply of salt to the various salt-producing agencies in India including Aden. It is necessary to treat Aden fairly and also to give other sources of production a reasonable chance of development.
- (2) Government intend to call a conference of producers and to endeavour by full and frank discussion to arrive at practicable arrangements with their co-operation to attain the objects in view.
- (3) The present price of Rs. 66 per 100 maunds is regarded as somewhat unsatisfactory because many of the data on which the Tariff Board relied have been considerably modified, particularly the freights. Government, however, do not propose to alter that selling price at present but it is one of the matters which will be considered in the course of the year.
- (4) The development of Northern India salt production and also the production of other Indian sources must be taken up with the utmost expedition.

During the year for which the extension of the present import duty is sought from the House all these questions will be fully examined. It will then be possible to work out plans for the future, which will again be considered by the Salt Committee of the Assembly. In the meantime, as I have said, a great deal has already been achieved by the existing Bill, that is to say, the import of Indian salt has been doubled, prices have been stabilised and measures for the development of internal sources of supply have been rapidly pushed on. Sir, I move.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadian) : Sir, I have listened to the arguments put forward by my Honourable friend Mr. Brayne in asking this House to give its assent to the extension of the operation of the Salt (Additional Import Duty) Act for a further year. I know that the Government is also anxious to give some protection to the salt industry and utilise the money raised by this indirect taxation to the expansion of local salt resources. But I have got to be mindful of the interest of the people who are affected by this duty. Let us recall the circumstances under which the original Salt Protection Bill was passed in March last year. The industry was considered to be one of national importance and as the competition of cheap imported salt proved ruinous to the country the Government thought fit to protect the industry by means of a tariff wall. In fact the proposed imposition of a protective tariff evoked a measure of protest from the eastern provinces, chiefly Bengal, which consumes the largest amount of imported salt annually. It was urged by them chiefly on the ground that the grant of a protective tariff in the case of salt would entail a very heavy burden on the consumers of Bengal to the tune of Rs. 40 lakhs every year in the form of higher prices. The imposition of this heavy burden of indirect taxation on the consumers of a particular province with the sole object of safeguarding the interest of an industry for which the desired support should have come from the whole nation is objectionable. However, the Honourable the Finance Member, in the Assembly, soon after the passing of this Act last year had a Resolution passed providing that the proceeds of the duty should be distributed to the extent of seven-eighths thereof among the consuming provinces and that the same should be applied to the task of developing local resources. The refunds were to be made to the Provincial Governments which were put under obligation of applying them for the development of local salt resources. Now, let us turn to the other side of the question—I mean the working results of the tariff during the first year of its application, an examination of which brings to the foreground certain problems hitherto unthought of or not duly stressed, and on whose satisfactory solution depends the acceptance of the proposal for the extension of the duty. We have to satisfy ourselves and the public of the consuming provinces that the latter have obtained the compensation promised to them in the Government Resolution, or at least that an earnest endeavour has been made to act up to the pledge. There has engendered an erroneous belief in certain quarters that the distribution of the proceeds would at least be commensurate with the tax-burden imposed on the consumers. Let us now consider the case of Bengal which draws part of its requirements of salt through the ports of Calcutta and Chittagong, and it is possible to make an approximate calculation regarding the sacrifice imposed by the new tariff. The result will clearly show the disproportionately scanty character of the compensation that can be secured to the consuming provinces under the prevalent conditions of trade. In the nine months April to December, 1931-32, *i.e.*, from the commencement of the imposition of the duty, Bengal imported 320,991 tons of foreign salt against 454,431 tons

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imported during the corresponding period in 1930-31. The decline in imports is thought due not so much to a fall in consumption as to the diversion of the supply from foreign to indigenous sources, due to the imposition of the new tariff. The difference then between the figures of 1930-31 and 1931-32 as set forth above amounting to 133,440 tons can be taken as the additional quantity of Indian salt which was imported in Bengal during the nine months of the current year. The replacement of foreign by Indian salt for the full year would be therefore about 177,920 tons. Proceeding on the assumption of the inelasticity of demand and taking the figures for 1930-31 as the index of the normal consumption of salt, it is estimated that the import of Indian salt in Bengal during the year 1931-32 would amount to 10,935,433 maunds against a total import of 17,392,088 maunds both Indian and foreign. The amount of the imports of foreign salt would, according to this mode of calculation, be estimated at 64,56,655 maunds yielding Rs. 18,12,809 as the amount of import duty at the rate of $4\frac{1}{2}$ annas a maund, of which the amount available for distribution to Bengal and the provinces served by the ports of the province would be about Rs. 15,83,708 according to the settled ratio of 7 to 8. Thus, in continuation of the estimates it will be noted that though the duty would be realised on only 64½ lakhs of maunds and odd, there would remain the much larger amount of Indian and Aden salt of 10,935,433 maunds in respect of which the benefit of distribution would be lost to the consumers, although as a result of the new tariff the same would have to be paid for at a higher price along with foreign salt. The enhanced price to be paid on this basis is estimated at Rs. 21,32,405. Adding this to the higher price paid for imported foreign salt at the flat rate of Rs. 24 per 100 maunds, i.e., Rs. 15,49,608, the total sacrifice that the consumers will have to bear during 1931-32 is estimated at Rs. 36,82,013. Against this huge figure the compensation to the tune of Rs. 15,83,708 would be poor indeed and Bengal feels alarmed at the grim prospect of the amount of proceeds of import duty dwindling away every month as the foreign salt comes more and more to be replaced effectively by the import of indigenous manufacture, be it obtained from the Western Presidency or from Aden. And unless and until we find a satisfactory remedy for this gross inequity, I, on behalf of the consumers of Bengal, cannot approve of the continuance of this duty.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, the second Report of the Salt Industry Committee of the Legislative Assembly would convince any one that the existing arrangement with regard to the operation of the Salt Act of 1931 should not be disturbed and the Bill, as passed by the Legislative Assembly, should have our support for more reasons than one. First of all, Sir, this additional import duty has encouraged the development of Indian sources of salt supply as may be found in the pamphlet published over the signatures of the Members of the Salt Industry Committee of the Legislative Assembly. And then, Sir, we find from the same report that the methods adopted in the Salt (Additional Import Duty) Act of 1931 have been remarkably successful in achieving the particular object of stabilising the price of crushed white salt at a level which would avoid laying on the consumer a heavier burden than was necessary to secure that object. These are, Sir, the two most redeeming features in the report on the operation of this Act for one year and they are by no means disappointing or discouraging from the nationalistic point of view. The figures for the first

nine months of the current financial year as compared with those of the corresponding period in the previous year show that the consumption of foreign salt in Bengal ports fell from 80 lakhs of maunds to 24 lakhs and the consumption of Indian salt, including Aden, rose from 41 lakhs to 79 lakhs of maunds. Although there has been remarkably less consumption of foreign salt in India the fact that the Aden salt under the protection of the import duty has captured the Bengal market is an important factor to be reckoned with. The report of our friends of the other House does not clearly say anything about the progress and development that has been made in Indian sources of salt supply. Of course, we cannot deny the fact that for many years to come we are to depend upon foreign or Aden salt to fill the gap until Indian mainland sources are fully developed, but it also should be the business and look-out of Government that in the name of protection Aden's manufacturers should not be allowed to capture a major portion of the Indian market. Proper encouragement must be given by Government to develop the Indian sources of salt supply and manufacture on a larger scale.

In this connection I may add, Sir, that the manufacture of sea-salt should be encouraged under license as it may remove a great want of the poor people living near the sea-shore. And how far the avenues with regard to the manufacture and refinement of Indian rock salt have been explored should be made known to the public by Government. Aden, Sir, I understand, has been transferred to the civil administration of the Government of India from that of Bombay and so the manufacturers of Aden salt should be communicated with forthwith and told that the Board of Directors of the Aden Salt Works should have a fair number of Indians on it and the capital transferred from sterling to rupee.

Finally, Sir, I should like to say that Government should continue the operation of this additional import duty on salt for one year only and not more.

With these few words, Sir, I beg to support the Bill as passed by the Assembly.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: (Punjab: Non-Muhammadan): Sir, I rise to support the Bill. Ever since I joined the Legislature I have been advocating protection as I think, Sir, that it is the duty of all of us to see India developed in her commerce, trade and industry and to see that she becomes self-contained. I am glad, Sir, that the policy of protection has now also been re-adopted by Great Britain in the interests of her own country. I hold, Sir, that any proposal intended to foster Indian industry ought to have our best support.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, it is satisfactory to find that in this House as in another place the opposition which was shown to the Bill a year ago has, after the experience of the working of the year, either disappeared or changed into a note of praise. There is very little which I think I need say in reply to what has fallen from the speakers. The Honourable Mr. Ghosh Maulik referred to the price of salt and the imposition on Bengal which the present prices involved. Well, that has relation to the price which existed at the time when the Bill was brought into effect. That price was abnormally low; during the five years up to 1929, the price of salt varied from Rs. 56 up to as much as Rs. 120 and there is no guarantee that the price of Rs. 40 per 100 maunds a year ago would have been maintained without this present arrangement. There is always the danger that foreign importers would corner the market and then be able to charge what price they think possible but

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for the measures taken under this Bill. As regards the distribution of the duty, the intention was that the duty should be divided between the consuming Local Governments, the Government of India retaining a share. Under that arrangement up to September last Bengal got about 3½ lakhs, Burma about 2 lakhs and Bihar and Orissa about 1 lakh. It was intended that this money should be used for the development of salt resources. So far very little has been done, but various measures are under consideration. At the same time, it is not likely that there will be very much in the future to distribute; if the import of Aden salt continues, there will be very little on which to collect this duty. I think that is all I need say, Sir.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to extend the operation of the Salt (Additional Import Duty) Act, 1931, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, I move that the Bill to extend the operation of the Salt (Additional Import Duty) Act, 1931, as passed by the Legislative Assembly, be passed.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The House will have observed that no Bill has been laid on the table to-day having been passed by the other House. The effect of that is that at the moment there is no business pending for disposal before the Council. The only course open to me seems to be to adjourn the Council for a few days in the hope that by that time some Bills would have passed their third reading in another place and would be ready to be laid on the table here.

The Council will adjourn till Eleven of the Clock on Friday, the 1st April.

The Council then adjourned till Eleven of the Clock on Friday, the 1st April, 1932.

COUNCIL OF STATE.

Friday, 1st April, 1932.

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

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

THE SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to supplement the Bengal Criminal Law Amendment Act, 1930, which was passed by the Legislative Assembly at its meeting held on the 30th March, 1932.

THE HONOURABLE THE PRESIDENT: Am I to understand that the Honourable the Home Secretary is proposing to give notice to-day?

THE HONOURABLE MR. H. W. EMERSON (Home Secretary): Yes, Sir, I shall give notice to-day.

THE HONOURABLE THE PRESIDENT: On that understanding the consideration of the Bill laid to-day will be taken up on Monday.

The Council then adjourned till Eleven of the Clock on Monday, the 4th April, 1932.

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COUNCIL OF STATE

Monday, 4th April, 1932.

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

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 2nd April, 1932, namely:

- A Bill to provide for the fostering and development of the sugar industry in British India, and
- A Bill to provide against the publication of statements likely to prejudice the maintenance of friendly relations between His Majesty's Government and the Governments of certain foreign States.

BENGAL CRIMINAL LAW AMENDMENT (SUPPLEMENTARY) BILL.

THE HONOURABLE MR. H. W. EMERSON (Home Secretary): Sir, in moving that the Bill to supplement the Bengal Criminal Law Amendment Act, 1930, as passed by the Legislative Assembly, be taken into consideration, it will be necessary for me to say something about the previous history of legislation of this character and also to give some facts regarding the Provincial Act that this Bill is intended to supplement. I shall be as brief as possible, and the greater part of what I have to say about the local Act will be directly relevant to the provisions of the Bill now before the House. The House is no doubt aware that the legislation which this Bill is intended to supplement dates in all essentials from 1925 when in view of the activities of the terrorist party in Bengal it became necessary to pass legislation of a character that involved the principle of detention without trial. Subsequent to the passing of that Act, a Bill similar to that now under consideration was introduced by the Government of India. It was rejected in another place, was passed by this House and was certified by the Governor General. The Provincial Act expired at the beginning of 1930. Those provisions of it which related to the institution of special tribunals to try terrorist crimes were continued for another five years and consequently those provisions of the Supplementary Act also continued which provided for an appeal to the High Court in the cases of capital sentences and for confirmation by the High Court of those sentences. Two provisions of the Supplementary Act lapsed, namely, the provision which

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gave to the Local Government, with the sanction of the Governor General in Council, the power of transferring detained persons from the province of Bengal to other provinces, and secondly, the power which placed a bar on applications of *habeas corpus*. The provisions of the Bengal Act relating to the powers of detention had been inoperative for less than a fortnight when the Chittagong armoury raid occurred. That raid was the most serious attempt yet made by the terrorists in Bengal to paralyse the existing administration, and it showed beyond doubt that the powers which had been allowed to lapse were still necessary in the conditions obtaining in Bengal. In consequence, the Governor General promulgated an Ordinance immediately after the Chittagong raid. That was in April, 1930. In October, 1930, the Ordinance was replaced by an Act of the Provincial Legislature which in effect restored the provisions of the Act of 1925. The Act was passed by the Bengal Legislative Council by an overwhelming majority, and this fact the House would do well to bear in mind. The Act the House is asked to supplement has thus been in force since October, 1930, but since then it has been amended in some important particulars. During the session of the Bengal Provincial Council which has just concluded, a Bill was passed which extended the operation of the substantive clause to a very considerable extent. Previously, persons were liable to be arrested and detained without trial only if there were sufficient grounds to believe that they were acting, had acted, or were about to act in pursuance of a terrorist conspiracy or in pursuance of certain crimes of a terrorist character. The authorities found that in practice it was difficult to cope with the movement under the restrictions imposed by the Act and they asked for powers to extend the Act so as to bring within its provisions any member of an association whose objects, speaking generally, were to carry on terrorist activities. An Ordinance was promulgated to secure this purpose at the end of October last, and that Ordinance has now been embodied in an Act of the Provincial Council. This Act also was passed only a few weeks ago by a large majority in the Provincial Council—an Act, as I have said, which very largely extended the scope of the original measure of 1925. This also is, I think, a very important fact which the House will want to take into consideration. For it is relevant to ask why the Bengal Council have been convinced that it is their duty to pass legislation of a character which is naturally repugnant to public opinion. The answer is to be found in the series of atrocious outrages that have been committed during the last two years. It is unnecessary for me to dwell on them at any length. The facts are only too well known to this House and to the public. It will be sufficient for me to say that during the past 14 or 15 months—we collected the figures for the year ending about the middle of January last—no less than 93 crimes of a terrorist character were committed in Bengal. Twenty-four of those related to murders or to attempts to murders. Among the most serious crimes committed within the past 12 months are the assassinations of Messrs. Peddie, Garlick, Khan Bahadur Ahsanullah, Mr. Stevens, Mr. Ashutosh Neogy, who was a witness in an important case against terrorists and the attempted murders of Messrs. Cassells, Villiers, Mr. Durno, a Sergeant of Police, the Assistant Superintendent of Police of Chittagong and the District Magistrate of Howrah, and last of all the recent attempt on the life of Sir Stanley Jackson, the late Governor of Bengal, whose life was saved only by the gallantry, courage and presence of mind of the Vice-Chancellor of the Calcutta University. It is in the light of those facts that the Members of the Bengal Provincial Council, who after all are best able to estimate the conditions existing in that province, have twice within a period of 18 months passed legislation of a drastic character.

Now, the criticism that is naturally passed on the Bengal Act is that it provides for a system under which a person can be kept in detention without having been convicted of any criminal offence. That is admitted. It is the essential principle of the Act and if that principle is undermined the value of the Act disappears. I wish to say only one or two words about that. There is a safeguard provided by the local Act, a safeguard which in the circumstances of the case cannot be a complete one, but which in practice has been found to operate as a very effective check on irresponsible executive action. That safeguard is a provision of the law which requires that the Local Government should refer to two judges of the status of Sessions Judges the facts they have in their possession which in their opinion justify the detention of the person concerned. The Bengal Government have claimed time after time—and they have claimed rightly—that they exercise the most scrupulous care in reaching decisions on cases in which they propose to subject persons to detention. They have laid down certain standards by which their action is determined. They have insisted on the observance of those standards and the Home Member has claimed—and I do not think his claim has ever been questioned—that the most scrupulous care is taken that no person is under detention against whom there is not an overwhelming case. I have had occasion to see a number of the cases and of the briefs which are preferred relating to the reference to two judges. I can only say that I was most favourably impressed with the thoroughness with which these cases are prepared and presented. In fact so far as I recollect, I have heard no suggestion that the system so works as to place under detention persons who are innocent of engaging in these terrorist conspiracies. The criticism that is made is of a different kind and is inseparable from the nature of the Act, namely, that the detenus have not been convicted by a criminal court. But I think the House can rest assured that under the system as it now works the chance of an innocent person being placed under detention is quite negligible. When one is naturally inclined to extend sympathy towards persons who are detained in these circumstances I think it is necessary to remember that those persons have indubitably been engaged in conspiracies, the main object of which is the assassination of Government officers.

I come now, Sir, to the reasons which have made it necessary to adopt a procedure of this sort. Government would naturally prefer to bring these persons to trial, to get them convicted of substantive offences and to consign them to jail as ordinary prisoners. Wherever that course can be followed it is followed, and it has been found possible in a fairly large number of cases. But, speaking generally, the Government of Bengal are fighting a secret movement, a movement that works in the dark, a movement about which it is ordinarily difficult to get information. They have to obtain their knowledge of the plans of the terrorists by the same secret methods as the terrorists themselves employ, that is to say, their chief sources of information are secret informers whose information cannot be revealed for several reasons. If the sources were revealed the lives of informers would be in the greatest danger, and secondly, if owing to the disclosure of information several informers lost their lives, the sources would entirely be closed up. No other persons would be willing to come forward to give information. Another reason why it is necessary to adopt this procedure is that it is part of the terrorist plan to intimidate and terrorise and overawe persons who would otherwise be willing to give evidence against them. I need only give two recent examples of that. A few months ago, in August last, a Muhammadan Inspector of Police was assassinated in Chittagong. He was murdered when he was watching a football match. A large number of people saw what happened. There could be no doubt about facts. There was no lack of eye-witnesses. At the

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trial practically all the non-official witnesses went back on their statements, not because they wished to condone murder, but because they had been terrorised. A few months later there was an important case relating to what was known as the taxi-cab dacoity in Calcutta. The most important witness was a gentleman named Mr. Ashutosh Neogy. Within a few weeks he was murdered.

The few facts that I have given will, I think, convince the House, that repugnant as this procedure is to Government and to the public, it is unavoidable and the responsibility for it lies on those who carry on secret conspiracies which necessarily compel Government to adopt similar measures in order to check them.

Sir, I now come to the two main provisions of the Supplementary Bill before the House. The first provision provides for the transfer of detenus at the initiative of the Local Government, but subject to the approval of the Governor General in Council, from the province of Bengal to other provinces. A similar provision was in force from 1925 to 1930 and during that period a number of persons were transferred to other provinces. The House will no doubt wish to know what is the necessity for a provision of this kind. The Bengal Government have represented to the Government of India in the strongest terms that they feel that they are unable to cope successfully with the terrorist movement, even with the system of detention, so long as the most inveterate conspirators are present in Bengal to contaminate the younger revolutionaries and to continue to carry on plots from the detention camps in which they are detained. I will give the House some recent information which Government believe to be reliable, regarding the activities of detenus in these detention camps. In January last a detenu was caught while attempting to escape from one of the detention camps. He was found to be carrying letters of introduction to terrorists at large. In the same month the father of a detenu who was visiting his son in the camp was caught in the act of smuggling out 15 letters to members of an organisation which is known to have been responsible for the murders of several Europeans which have taken place during and since 1930. Government have also reliable information that specific instructions have been issued from detention camps in Bengal to terrorists outside to carry out the following plans. First, the murder of a particular district magistrate; secondly, the murder of a particular superintendent of police; thirdly, the murder of the presidents of tribunals which had tried terrorist cases; fourthly, the murder of a very high official of Government, and fifthly, to concentrate on the murder of European officials and specially of members of the Indian Civil Service. The facts that I have given will leave no doubt that conspiracies are to a large extent organised and instituted from detention camps in Bengal. And the Bengal Government, as I have said, have represented with the utmost force that, unless they are able to send out of Bengal the more inveterate terrorists, they are unable to prevent the maturing and organisation of these plans. That is the first ground for their request.

Another reason and a very important one is that they cannot institute and carry on with any hope of success any system of reformation of the less hardened and younger members of these organisations so long as their efforts are thwarted by the presence of men who have been engaged solely in these activities for many years. If they are able to eliminate the worst cases they have some hope of introducing reformatory measures. And the third reason

is that they are unable effectively to improve the discipline of their camps and of their jails so long as they are hampered by the presence of the worst persons of this description. In maintaining the discipline of their jails and detention camps the Bengal Government are confronted with the most serious difficulties, difficulties which they are doing their utmost to surmount but which, so far, have to a very large extent defied their efforts. I need only remind the House that during the last two months three very dangerous terrorists—convicted terrorists in this case—escaped from one of the jails and two important detenus escaped from a detention camp.

Those, Sir, are the reasons which have impelled the Government of Bengal to ask for the assistance of the Government of India. The Government of India for their part consider that the request should be met and that the Local Government should be given all assistance within reason to deal with this danger. It is, however, difficult to arrange for the transfer of any large number of detenus to the various provinces. Provincial Governments are themselves naturally reluctant to take more than a few of these very, very undesirable persons. And even if they were willing to take them in in any considerable number, it is undesirable that the revolutionary virus should be extended to other provinces. In these circumstances the Government of India propose to come to the help of the Government of Bengal by opening a detention camp in a centrally administered area, namely, at Deoli in Ajmer. The plans for this camp are well in train and it is expected that the transfer will take place within a short period of the Bill becoming law. It is not pretended that it will be possible to reproduce in Deoli in their entirety the conditions prevailing in Bengal. There are naturally differences of climate and of environment, but the climate is extremely healthy and so far as it is possible to reproduce the conditions this will be done. Sir James Crerar, during the course of the discussions in another place, gave on several occasions the most explicit assurances that so far as is feasible every effort will be made to reproduce the conditions under which detenus are detained in Bengal.

That, Sir, is the first substantive provision of this Bill. The second one which is included in clause 4 will operate to prevent applications of *habeas corpus* being made in the High Court with reference to the provisions of the Provincial Act. Now, in the early part of my observations I laid particular stress on the essential principle that underlies the local Act. That essential principle is the substitution of executive action for judicial decision. Nobody likes a principle of that sort. Everybody would be glad if it were possible to do without it. But as I reminded the House, the Bengal Provincial Council who are much better acquainted with the conditions prevailing in Bengal than we are have twice within 18 months expressed with no uncertain voice that in their view it is not possible to do without that principle. So long as that fact is accepted, the inevitable consequence has also to be accepted. If executive action is to be substituted for judicial decision, then the power of the courts to upset executive action is to be definitely checked and controlled. Without this provision relating to *habeas corpus* the whole structure of the local Act is undermined.

Before I move I wish to add a few words only. I wish to emphasise that the Bengal Government and their officers are engaged in a grim fight with organisations of the most dangerous character. Those officers whose duty it is directly to fight these associations go in daily danger of their lives. They are facing those dangers with the utmost courage and determination and it is their intention to defeat the movement and the series of conspiracies comprised in it. It is equally the intention of the Government of India to give the

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Bengal Government and their officers all the support within reason that can be given to them. The Local Government have urged in the most emphatic terms that they regard this measure as of the utmost importance to them in helping them to fight their battle. I am confident that the House will not refuse them that help. Sir, I move. (Applause.)

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (Bihar and Orissa : Muhammadan): Sir, in rising to oppose the motion for consideration I wish to say at the outset that we wish to dissociate ourselves from all the terrorist activities and to condemn in no uncertain terms the activities of the terrorists. While we are at one with the Government in the determination to crush the terrorist movement I wish to oppose this motion on considerations quite apart from the necessity of punishment. It is on the *modus operandi* of the Government that our opposition centres. That the principle underlying the main Act, known as the Bengal Act, "is abhorrent to the lawyers as well as to the administrators", is not my own opinion; this is the opinion of the highest luminary of the law in India—the Honourable the Law Member. The Honourable the Law Member stigmatised the principle of detention without trial in these words in the other place. We know that it will be going against the spirit of provincial autonomy if we at the centre were to override the decision of the province. I admit that. Still, if it is a wrong principle, no amount of justification can make it good for us to connive at. Two negatives do make one affirmative but two illegalities, two unlawful things, do not make one legality. I wish to dissociate myself from the action of the Government which is going to be an accessory after the event in depriving us of our legal and fundamental rights. The operative clauses of this Bill want to take away the detenus from Bengal to other parts of India. The justification for this that has been given by the Honourable Mr. Emerson is that we have already done this sort of thing in the past. If we have done a wrong once, that is no reason why we should again do it. The point has been urged that they are very dangerous criminals. There are worse criminals than these detenus. There are criminals who have actually committed murder and who have been condemned by the existing courts of law for having committed murder and yet they are being detained in jails in Bengal. They are not dangerous enough, but those against whom there is no legal proof are considered so dangerous that it is thought advisable that they should be taken away from Bengal.

Mr. President, much has been made about clause 4. I will not discuss that point now because it is coming up in connection with the amendment that is going to be moved by a past Judge of a High Court. We will discuss the point fully then. Here I wish to say a few words as regards the advisability of transferring them from Bengal. The place to which they are going to be sent is a God-forsaken place, it is 50 miles from the nearest railway station, in the arid deserts of Rajputana. Compare the dry and hot climate of that place to the humid and temperate climate of Bengal. When people are brought in from England, we try to give them as much of the climate of Europe as we can. We find for them capitals in the cool places in the hills. But these people are not allowed to breathe even the air of their own native soil. It has been said that all arrangements will be made to bring as far as possible the conditions of Bengal into that arid desert. But this is physically impossible. Another point that has been urged about these detenus by many Honourable Members of the other House is that there is uncertainty about

these men. They do not know how long they are going to be kept in jail, and no arrangement has been made for them to see their relatives. Knowing the financial condition of India, which could very well have been commented upon by Mr. Brayne with reduced purchasing power, etc., can these poor people afford to travel more than a thousand miles from Bengal to Ajmer and then take all the trouble of going 60 miles in an arid desert where there are no facilities worth naming? The point was made in the other place that the detenus should at least get a pass once a year or more often to go and see their relatives, but this privilege is not given to the detenus. It will rest on the sweet will of the jailer whether he allows the detenus to see their relatives or not. There are no fixed laws about it, and no promise has been made that any bye-laws will be made under this Act on this point. We admit, Sir, that the detenus are dangerous, but if they are dangerous, the Government is strong enough to take care of them. They have been in Bengal long enough, and if the worst criminal can be kept inside Bengal, there is no reason why these detenus should be sent outside Bengal. The fact that this Bill has been brought forward just now does not show that the Government have all at once decided to do this. Two years back provision was made for repairing the jail at Deoli and Rs. 2 lakhs were provided under the head "Public Works" to make that place habitable. If these two lakhs had been spent in some quarter of Bengal, we could have had quite a secluded place, selected by Mr. Emerson in the Sunderbans, and then there would have been no necessity to bring forward this Bill. What I object to is that Bengal should dictate to us. While we are asked not to interfere with Bengal, we do think that the Bengal Council should not dictate to us and say: "I want this, you have got to do it." The tables have been turned. The Central House seems to be more or less a subservient House to the Bengal Council. The decisions of the High Courts are binding on the subordinate courts, but we are asked to give way to the decisions of the Bengal Council in the name of provincial autonomy. It is provincial tyranny. Sir, in the other place, many attempts were made to soften the provisions of this Bill, but the Government were adamant; it would hear nothing. As is always the case in this House, especially with a thin attendance of the elected Members who are less than 40 per cent. of the House at the present moment, there is no hope at all of our success. But we can at least dissociate ourselves and warn the Government that they are taking upon themselves a great responsibility in passing this Bill against the wishes of the representatives of the people.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan): Sir, I rise to make a few observations on the Bill which has just been so ably moved by my Honourable friend Mr. Emerson in the interests of the Government of Bengal. Sir, in the first place, it confers on the Government of Bengal the power of transferring the detenus to another province in British India subject to the approval of the Governor General in Council, and secondly, it suspends the operation of section 491 of the Criminal Procedure Code relating to *habeas corpus*. Sir, it appears to me at the first blush to be an unduly and unnecessarily repressive measure, but the consideration of the safety of the State, under which alone society can exist and progress, must—to all reasonable men—be the consideration of supreme importance overriding all other considerations. Sir, the sole consideration therefore before this Honourable House is whether the interests of public safety require the present Bill. The Government, who are best able to judge the situation have said that it is of pressing necessity; and the other House, which is pre-eminently

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the House of the representatives of the people and the more popular House, have endorsed that opinion in no equivocal terms. Therefore the question is whether the Bill is a necessity. The main objections raised by the opponents of the Bill relate to difficulties of diet of the detenu and interviews by his relations in another province. These objections are merely of a sentimental nature. As for diet the detenu may be given the right of selecting his own meals. Regarding difficulties of interview I think it is to the interest and safety of the detenus if frequent interviews with the relations, who have no control over the boys or girls and who could not guide them properly, are made difficult. Moreover, such trivial difficulties as regards diet and interview are bound to come; but we are to look to the greater benefit, advantage and safety that would follow such detention outside Bengal. It will keep the detenu out of the evil and dangerous association of the exponents of revolution, murder and assassination and place them in the midst of better associates to mend themselves. It means the safety of the boy or the girl and safety of the Government officials who run the risk of being assassinated for loyalty and devotion to the Government and to their duties. If you want to save a boy or girl from the gallows, take him or her out of the dangerous influence of anarchists and revolutionaries. If you desire to protect your officers against murderous assaults, place the suspects in better and safer society and environment.

Sir, I hail from the district of Midnapore in Bengal. The district is representative of the province. In my own district terrorist outrages are rampant as in some other districts of Bengal like Chittagong, Mymensingh and Dacca. Police officers have been killed in my district. I refer to the Chatwa sub-inspector murder, where the victim was burnt alive by terrorists. Deputy Magistrates have been attacked and a very dutiful and competent District Magistrate, Mr. Peddie, has been murdered. I believe you all know the name of Bimal Das Gupta of Barisal. The murderer of Mr. Peddie escaped conviction by virtue of the threat which the terrorist organisation exercised over witnesses. Therefore the Advocate General had to withdraw the case from the High Court. Sir, of late, similar assassination and attempts at assassination have cropped up in quick succession in different parts of Bengal. I hang my head in shame and sorrow when I notice that my Indian brethren are implicated in these acts in a country which is proverbial for its religious feelings, charity, hospitality and liberality. If you want to check these atrocities, if you want to clear the atmosphere, if you have got to put some such law on the legislative anvil as an emergency and preventive measure, I believe the House will welcome the measure in view of the facts. But, Sir, at the same time, I have also to give a warning to the Government that such facts are to be faced boldly and gracefully. How are you to face them? Not with Black and Tan laws. Certainly save the younger generation and the official by all means; but do something at the same time to win over the people. You cannot govern the people against their will. You cannot rule them if they refuse to be ruled by you. That is the spirit in the land, the spirit of independence, the spirit of liberty, that is pulsating through the veins of each and every Indian. Until you give that spirit scope, there will be no peace in the land.

Therefore let me request and repeat to my Honourable friend the Home Secretary opposite, let this Bill be not an engine of tyranny, persecution and innovation in the name of stamping out the terrorist movement. India is a sentimental country and if the Government totally disregard the sentiments of a large section of the people, I doubt whether the Government will be successful in the long run.

Let me also repeat and request the Home Secretary to remember that Indian people are peculiarly responsive to sympathy and personal influence. Sir, more things can be gained by gaining the sympathy and goodwill of the people than by continuous repressive laws. Sir, I offer this criticism not in any spirit of opposition to Government, but from a sense of duty. Sir, I support the measure and have no objection to Government assuming larger powers for the maintenance of law and order which is the first and foremost duty of every Government.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal: Non-Muhammadan): I presume my Honourable friends here have taken the trouble to read and watch the proceedings in the other House in connection with this measure, and if they have done so they will have noticed the depth of feeling which this Bill has evoked in the public mind. As an elected Member from Bengal I deem it my duty to voice that feeling on the floor of this House. I recognise this Supplementary Bill is designed merely to give additional powers not to be found in the Bengal Act but which the Government of Bengal are very anxious to secure for themselves. And it is only because such powers are not within the competence of the Local Legislature that the Bengal Government found it necessary to invoke the aid of the Central Government. It is not germane, therefore, to raise in the discussion here questions as to the policy or principle underlying arrest or detention without trial. Even if it were, I do not think it would be right or proper for us to disregard the views which have found unmistakable expression in the verdict of the Local Legislative Council. By a large majority that Council passed, or rather re-enacted the provisions of the general Act whereby power was given to the executive to arrest on suspicion and detain without trial. And we have a right to assume that they took that course in view of and with a full appreciation of the situation in that province. Far be it from me to carp or cavil at their decision, or to minimise the gravity of the difficulties with which they are faced in Bengal. I venture to say that we are all of us united in a common determination to stamp out terrorism from Bengal, and we are prepared also for that purpose to arm the executive Government with all reasonable powers to fight down that terrible menace. For, so long as the terrorist stalks the land, so long will the fulfilment of the conditions necessary for constitutional advance be retarded.

Actuated by such a feeling, Sir, I say that I do not question the principle of the present Bill any more than I question the principle of the fundamental legislation which the Bill seeks to supplement. And in saying this, it is just as well to remember that the powers which the Bengal Government are now seeking are a reproduction of the powers they had under the Supplementary Bill of 1925.

My friends may reasonably ask, therefore, if these be my views, why then should I appear to strike a somewhat discordant note by giving notice of certain amendments. I feel I owe an explanation to the House. Well, Sir, that explanation lies in the terms of the amendments themselves. I shall have occasion to deal with them when they come under discussion, but I might point out at this stage one or two of the salient features. None of the amendments, Sir, you will notice, touch any fundamental points involved in the Bill. Their object, and their only object, is merely to provide a few reasonable safeguards which from the nature of things appear to me to be necessary.

There are two different matters dealt with in the Bill. One is about the transfer of detenus from Bengal to some other place outside that province.

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and the other is to take away certain powers of the High Court from these detenus, not only from those who may be detained in Bengal, but also those who may be detained outside Bengal. Now, Sir, while fully admitting the compelling necessity which has forced the Government to ask for these powers, I believe that I can safely say that in putting these powers into operation it can never be the intention of the Government to deal with these persons with unnecessary severity. The object is to segregate them: the action is more preventive than punitive: these persons *ex hypothesi* will be persons who have not been tried and found guilty, at the worst they are persons against whom a suspicion exists: and it is considered necessary in the interests of the safety of the State to remove them from the scene of their mischievous activities, actual or potential. In dealing with such persons, Government, even if they cannot act with magnanimity, can at least avoid the appearance of being vindictive.

Sir, if you have followed the debates in the Assembly, you will have seen that the Honourable the Home Member was pleased to give certain assurances to the House more than once and I am glad also to express that in this House also the Home Secretary has reiterated that assurance that Government would do all it can to mitigate the hardships of these detenus. Well, Sir, most of my amendments have been framed with a view to carry out these very assurances. There can be no question that the transfer of these persons outside Bengal does involve a good deal of hardship; why not do something to mitigate it? Why not try to reproduce for these unfortunate people some of the conditions of detention which they would have enjoyed if they were in Bengal? Dangerous terrorist criminals, who may have been tried and found guilty, cannot be removed from Bengal, Government will have to provide for their custody in a jail within the province. But you are removing these suspects from the province of their origin, some of them doubtless much less dangerous than the convict prisoners. I ask why should you in their case be more severe than in that of the others? Sir, as I said, the Home Member gave certain assurances to the House in regard to them. I venture to think, mere assurances will not do: you will have to satisfy the public that they are being given effect to, and that is why I suggest that Government should obtain and place before the Legislatures periodical reports about the health and general conditions of these detenus in their place of enforced banishment.

Sir, the Bengal Act has given very drastic powers to the executive: I suppose that cannot be disputed. Without questioning for one moment that there are sufficient reasons for trusting them with such drastic powers, is it not still permissible to ask that in exercising such powers the officers of Government should keep within the limits prescribed by this Act? The Bill, Sir, seeks to take away the rights of *habeas corpus*. That is a most serious invasion of the personal liberty of the subject, and abhorrent as this must be to everyone, even though we may be prepared to submit to it in the higher interest of the State, is there any reason why at the same time it should not be incumbent on the executive authorities to follow the procedure laid down for them? I venture to suggest that Government have no right whatever to disregard the provisions of the Act itself. If they do, they must be prepared to have their action scrutinised by the highest Court in the land. I will make the distinction between procedure and merits. If I must lose the right of questioning the merits of the arrest or detention, need I lose the right at the same time of insisting that special procedure of the law should be scrupulously observed.

Sir, the amendments I have suggested represent the minimum of what Government in their own interests ought to concede, far short as they are of the maximum which the public could very well claim. I will not say anything more at this stage beyond expressing the hope that the House will appreciate my attitude in this matter and do right.

THE HONOURABLE MR. JAGANSHU CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, any measure that will conduce to the best interests of the country will have my sincere and solid support but when I understand that the Bill to supplement the Bengal Criminal Law Amendment Act, 1930, if passed into an Act, will discredit Government and be resented by the public I cannot support its passage silently without entering my emphatic protest against it which, I am sure, will be a most unpopular measure. The Bengal Criminal Law Amendment Act, Sir, was passed by the Government of my province against the teeth of opposition of a considerable section of people who thought that it was not only an unwanted piece of legislation but one that could be termed as a Draconic Law. Much has been said against the Act and the Bill before us, which has been discussed threadbare, debated keenly and passed finally in the other House. But when it has come to us either for revision or ratification or for our approval the only action feasible for us would be to oppose the Bill in all its bearings. The woes and grievances of the detenus are many and if on the top of these woes and disabilities, they are removed from their own provincial jails to other places of detention in different provinces there will be a multiplication of their miseries. In the first place, Sir, if the food and the mode of life as obtains in Bengal cannot be provided the health of the detenus will certainly suffer and as such when similar conditions regarding food and mode of life of the Bengalis cannot be ensured in any jail outside Bengal, it would be wise on the part of Government not to transfer the prisoners to jails outside their own province. Then, Sir, with regard to interviews by their relatives, it would be very difficult affairs for them, because in case any detenu is seriously ill in any jail outside Bengal, much time may be lost in communicating with the provincial authorities for permission to see him and the official dilatoriness may be dangerous and sometimes prove fatal. Even in ordinary circumstances, it is noticed that a relative seeking an interview with a detenu is driven from pillar to post and post to pillar. When, in Bengal itself, it is sometimes seen that matters relating to interviews cannot be expedited by Government for reasons best known to them, it can be better imagined than described what would be the condition of the relatives relating to interviews with the detenus if they are to rot in jails outside Bengal. Moreover, if the interviews are granted the relatives would have to incur heavy expenses to see the detenus in jails outside Bengal. In view of this fact when Government do not make any provision for travelling allowances for the relatives of the detenus it is better the detenus should be kept in Bengal jails and not removed to some other provincial jails as contemplated in this Bill. And then with regard to the correspondence of the detenus, it is desirable that Government should provide reasonable facilities because complaints are often found in the press from the relatives of the detenus that their whereabouts remain enshrouded with impregnable and impenetrable mystery for a considerable period of time. Of course exaggerated reports are promptly contradicted by Government who generally clears up the matter and gives the true state of the situation. But in some cases it is reported, if the letters of the detenus are considered objectionable by the authorities they are not mailed to the addressees or relatives and the letters of the relatives too, for sufficient reasons known only to the authorities who censor them, are not

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delivered to the detenus and no reasons are generally assigned by Government for their action while the detenus as well as their relations remain in suspense for a long time. And, then, Sir, sometimes the Telegraph Department of Government becomes the gainer through the exchange of wires by the parties concerned! To remove such grievances with regard to correspondence of the detenus and their relatives, Government should inform the parties in time that for such and such reasons the letters were considered objectionable and were not forwarded to the addressees which would relieve them of their anxieties. If in Bengal these things may happen, Sir, it is more than likely that the same may be the case regarding the correspondence of the detenus and their relatives if the prisoners are kept in jails in other provinces. In such circumstances, Sir, the detenus should not be transferred from the Bengal jails, because their transference will not only put them to a lot of difficulties as regards their correspondence but their relatives too will be greatly inconvenienced in this matter in case the letters of both the parties are held over by Government for reasons which they consider objectionable and for which they may not assign any reason.

Before I resume my seat, Sir, I should like to make one particular suggestion to Government to make the best of the worst situation that if at all the detenus are transferred to jails outside Bengal or any person is committed to custody in a jail outside Bengal, the Government of India should obtain from the Provincial Governments monthly reports of the health, comfort and the conditions of detention of every such person and place them before the two Houses of the Central Legislature and the Local Governments be asked to do so before the Provincial Legislative Councils when the Legislatures would be in sessions, for their information.

In conclusion, Sir, I would like to point out to Government here—of course I am subject to correction and I shall be only too glad to be corrected by the Treasury Bench—that the Irish political prisoners with the same kind of dress and diet and the same mode of living as most of the Englishmen have were not transferred by the British Government from Mountjoy jail to Dartmoor prison. Then why is this proposed legislation to transfer the Bengal detenus or any person that may be arrested under this Bengal Criminal Law Amendment Act, 1930, to jails outside Bengal? I hope better counsel will prevail and the Treasury Bench will combine with this Honourable House consisting of elected and nominated non-official Members to throw out this Bill.

THE HONOURABLE RAJA BIJOY SINGH DUDHORIA OF AZIMGANJ (Bengal: Nominated Non-Official): Sir, I must admit that Government have sufficient justification in bringing forward a measure like the one under consideration before the House. It has already been proved that the Bengal detenus cannot be kept in the places of detention in Bengal if their activities are to be really checked from further dissemination amongst the youths of Bengal. It must be admitted on all hands that the imprisonment of these detenus in Bengal have not produced the result desired from such detentions. They get sufficient opportunities of communicating with their comrades outside the places of their detention though of course this sort of inter-communication with the people outside does not speak of efficient jail administration of the province of Bengal. Sir, though I agree with the basic principle of the transfer of these detenus yet I cannot with equity and justice agree to be vindictive. I think

even the Britisher will never agree to be vindictive on these detenus as every Britisher is endowed with a keen sense of mercy and justice. Once upon a time the words "British justice" were a by-word in every Indian home and I cannot believe that British statesmanship will not rise to the occasion to be able to keep the standard of British justice as high as it was in the past. At this stage I think I will be permitted to make a few observations on some of the salient points of the Bill.

Clause 4 of the Bill aims at taking away the power of appeal of a detenu who thinks his detention is wrongful and illegal. Every civilised Government allows every subject, even convicts or criminals, the right of appeal and I do not see any reason why the present Bill should aim at taking away the liberty of these men. I think Government will see their way not to insist on this clause as otherwise it will belie the traditions of the highly civilised British administration.

The second point I wish to mention is about the amenities that should be allowed to these unfortunate misguided youths when they are taken away from their homes and relatives. The Bengal youths have their peculiar food and mode of living to which they are accustomed from their childhood. It is most natural that they should be given the same amenities of food and living which they are accustomed to get in Bengal if they are to be transferred to places of detention outside Bengal.

Lastly, Sir, before I resume my seat I would like to bring to the notice of the Government that they should take particular care in their selection of the visitors for those detention places of the detenus. I think that Government will agree with me that the visitors should be so selected from amongst the public men on whom the public and the Government will have full confidence. The present discontent and distrust of the people in regard to the treatment of these detenus is more due to the distrust of these visitors rather than due to the actual maltreatment of these detenus by the authorities. I do not see any reason why a civilised Government, like the British Government, should not concede this small concession which will go a great way to remove distrust from the minds of the people. With these remarks, Sir, I support the Bill which, to my mind, is an essential weapon required by the present administration to combat the revolutionary movement in Bengal.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal: Non-Muhammadan): Sir, as one of the representatives of Bengal in this House, I will not do justice to myself and my constituency if I do not express my great disapproval of this unhappy and unfortunate measure.

Sir, let me premise by saying that the provisions which give the power to send outside Bengal persons who will be detained under this Act is nothing but deportation over detention. You cannot, however, ordinarily send away a convict to any place outside the province in which he is convicted. If you are not allowed to do so, Sir, then with what justification, with what grace or moral approbation, can you tell off a batch of persons, not yet convicted by any court of justice, outside their province of birth or adoption—away from their natural environments, away from their kith and kin? Again, Sir, when you provide for special arrangements for usual diet, clothing and habits of life to European convicts in this country, it is really a matter of great injustice if you are to grudge the detenus their usual food, clothes and habits of living, who are not yet convicted of any offence but have only been taken into custody on mere suspicion—more or less on police report. In detaining them for an indefinite

[Kumar Nripendra Narayan Sinha.]

period without trial on *ex parte* and untested evidence, the Government lay themselves open to the charge of setting at naught elementary notions of justice and fairness; if, Sir, on the top of this, they are to be deprived of the most essential comforts and conveniences of life, charges of cruelty, neglect and injustice can with justification be laid at the door of the Government. It will be nothing but proper therefore that the Government should abandon this project of sending the detenus outside Bengal.

Next, Sir, when this measure is mainly preventive and not penal, the Government cannot in all fairness combine their detention with deportation. Sir, it is really a matter of deep regret to me that the extensive province of Bengal, with about three dozen districts, has not been able to provide sufficient accommodation for a few hundreds of our detenus. But, Sir, in case it is insisted upon that some of these unfortunate persons are to be eventually kept in custody in the rocky fastness of Deoli, I cannot but impress upon the House the extreme necessity of the reproduction of the conditions as regards food, clothing and mode of living in which these men have been brought up in their province, in the place where they are intended to be transferred. Great will be the bitterness, Sir, which these people will naturally feel, when they will be landed in strange places, amongst strange surroundings and in changed conditions, but, Sir, let not that bitterness, if it can be helped, be accentuated by any official act calculated to embitter their feelings all the more. In sending these men to far-off places from Bengal, you will be cutting them off from their friends and relations. Bitter will be the feelings of their kith and kin naturally if for the want of funds they will be deprived of their periodical visits to these detained men. Sir, I would suggest, therefore, that in deserving cases—in the cases of those whose sole mainstay and sources of income are those men detained—in cases of those who are absolutely indigent and helpless—the Government of Bengal ought to find funds for railway fare and other incidental expenses for the journey and stay, so as to enable them to look up their detained relations at least twice a year.

Finally, Sir, as you are substituting the executive judgment for the judicial on the plea of the exigencies of the present political situation, I cannot whole-heartedly accept that position, because everything regarding arrest and detention of political suspects is done mainly on police report, which is not tested in any court of law. As our Indian police, Sir, leaves a great deal to be desired, interference of the highest judiciary in hard cases was a most desirable thing. But in suspending the *habeas corpus* provisions from the purview of the Act, the Government is seriously crippling the jurisdiction of the High Court. I deplore that the statutory check which the High Court always exercises over the arbitrary and irresponsible executive in fit cases through the *habeas corpus* writ will now be altogether gone. Sir, anything which is bound to cripple the powers and privileges of the High Court should be resisted from this side of the House.

But, Sir, if it is really contemplated that you cannot but abrogate the provisions of *habeas corpus* so far as detentions of suspected people are concerned, I would insist, with all the earnestness at my command, upon a careful examination of every individual case by a Board, consisting of at least two High Court Judges in office or retired. But in making such appointments it should be seen that persons so appointed will inspire respect and confidence in the people, among the relations of those who have been deprived of their liberty.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, I have no desire to speak on this motion. I simply want to ask the Honourable the Home Secretary what is the function of the two judges to whom the cases of these criminal suspects are referred by the Government of Bengal under the provisions of the Bengal Criminal Law Amendment Act? I want to know whether their function is simply advisory or whether they conduct any sort of enquiry into these cases? As the original Act is not before me, this point is not quite clear to me. I hope the Honourable the Home Secretary will throw some light on this point in the course of his reply.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member) : Sir, the provision for scrutiny of cases by two judges is contained in section 9 of the Bengal Act. It reads thus :

"Within one month from the date of an order by the Local Government under subsection (1) of section 2, the Local Government shall place before two persons, who shall be either Sessions Judges or Additional Sessions Judges having, in either case, exercised for at least five years the powers of a Sessions Judge, or Additional Sessions Judge, the material facts and circumstances in its possession on which the order has been based or which are relevant to the inquiry, together with any such facts and circumstances relating to the case which may have subsequently come into its possession, and a statement of the allegations against the person in respect of whom the order has been made and his answers to them, if furnished by him. The said Judges shall consider the said material facts and circumstances and the allegations and answers and shall report to the Local Government whether or not in their opinion there is lawful and sufficient cause for the order".

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I should like the Honourable the Law Member or the Honourable the Home Secretary to throw some light on the point which the Honourable Syed Hussain Imam raised in his speech as to whether the terrorists who have been tried and convicted of terrorist crimes are kept in Bengal jails or not?

THE HONOURABLE MR. H. W. EMERSON : Sir, I would like first of all to deal with the question of the Honourable Rai Bahadur Lala Ram Saran Das. Up to the present, persons convicted of terrorist crimes in Bengal are usually kept in Bengal jails. If it is desired to transfer them to jails of any other province, the powers to do so already exist and no legislation is necessary. There are proposals under consideration for the transfer of some of the persons who have been convicted of terrorist crimes outside Bengal.

The only other point which appears necessary to me to refer to is one that has been raised by every speaker on this stage of the Bill, and that is the desirability so far as it is possible of reproducing in the places of detention the conditions obtaining in Bengal. This matter would perhaps be more appropriately considered in regard to the first amendment of the Honourable Mr. Ghosh Maulik on clause 2 of the Bill; but the concern expressed on this account is so general that I take the opportunity of repeating an assurance that was given by Sir James Crerar in the other House. This is what he said :

"I am asked if we are prepared to give an assurance to the House that if this Bill is passed and detenus are transferred from Bengal to other provinces every endeavour will be made to reproduce as far as may be practicable the conditions obtaining in Bengal in respect of diet and in respect of other conditions of detention. Well, I am perfectly prepared to give that assurance in the most express terms. So far as detention in places

[Mr. H. W. Emerson.]

which are centrally administered areas is concerned, I give my Honourable friend a perfectly clear assurance that rules will be drawn up—as a matter of fact they are now in process of being drawn up—which will give effect to those conditions. Those rules will be notified by the local authority and they will be reproduced in the Gazette of India; and I may say that so far as the proposed camp at Deoli in the Ajmer province is concerned, every step is being taken to see that those conditions will be secured. An officer accustomed to deal with Bengalis will be in charge, assisted by another officer from the province of Bengal. Bengali cooks will be supplied—that point was specifically brought forward—and as far as possible the diet to which Bengalis are accustomed will be provided. Adequate medical arrangements are being made as well as arrangements for proper exercise and recreation, indoor and outdoor games, a library, reading facilities and so on. If there is anything in addition to these, anything which has arisen in the course of the present discussion, or any suggestion that may hereafter be communicated to me by any Honourable Member, I shall be very glad to consider it in the framing of the rules.”

I should like to repeat on behalf of Government to Members of this House the offer which was made by Sir James Crerar to the Members of the Legislative Assembly. If any Member of this House has any suggestion to make in this respect that suggestion will receive every consideration.

THE HONOURABLE THE PRESIDENT : The question is :

“That the Bill to supplement the Bengal Criminal Law Amendment Act, 1930, as passed by the Legislative Assembly, be taken into consideration.”

The motion was adopted.

THE HONOURABLE THE PRESIDENT : Clause 2. The question is :

“That this clause stand part of the Bill.”

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Sir, the amendment which stands in my name runs as follows :

“That the following further Proviso be added to clause 2, namely :

‘Provided further that in the case of any such person, rules shall also be framed, by or under the authority of the Government of India, to ensure as far as practicable similar conditions of detention as regards diet and mode of life as would have obtained in Bengal, and to provide reasonable facilities for correspondence and for interviews (including payment by the Local Government of travelling allowances, where necessary) between such person and his relations’.”

The amendment explains itself. All that it seeks to secure is that where any detenu is transferred out of Bengal conditions must be reproduced as far as practicable. The Honourable the Home Member in the other House, and I am glad that the Honourable the Home Secretary in this House also, have given assurances that this would be done. Where then is the objection to accept this amendment? I do not forget that so far as travelling allowances are concerned the Honourable Member pointed out that there are financial difficulties in the way. In view of that, Sir, I have suggested the insertion of the words “where necessary.” You will also see, Sir, that in asking for facilities for correspondence and interviews, I do not presume to dictate the nature of such facilities or the frequency of these concessions. All that I have in view by this amendment is to keep these matters in the forefront so that they may not be overlooked and may not be left to depend on mere assurances given here or in the other House. The actual fulfilment of these obligations, the manner of fulfilling them and the particulars of action to be taken, they are all left to Government. Sir, I move.

THE HONOURABLE MR. H. W. EMERSON : Sir, I have a few minutes ago stated to the House that on the main principle embodied in the amendment of the Honourable Member the Government are in agreement with the views expressed by him, namely, that so far as possible conditions obtaining in Bengal should be reproduced in the provinces to which these persons are transferred. His amendment however goes further in some respects than Government are prepared to accept, for instance, the suggestion that travelling allowances shall be paid to relatives of the detenu. The difficulty of the Government of India in this matter is two-fold. Firstly, no principle of this kind has ever been accepted hitherto. Persons are detained under Regulation III of 1818, under the Madras Regulation and under the Bombay Regulation. There is no provision in the law that Government should pay travelling allowances to their relatives, nor has there been any practice of paying such allowances. The amendment therefore embodies a new principle which may well entail considerable expenditure to Government.

The second difficulty is this. If this principle is accepted in regard to persons kept in detention outside Bengal, how can the Bengal Government, on any ground of equity or fair play, refuse to extend the same principle to persons detained inside the province of Bengal? Now certainly if this concession were accepted as regards persons detained inside Bengal, it would involve a very heavy financial responsibility on the Local Government. Surely as a matter of principle the Government of India should abstain from creating a precedent which will involve a Local Government in large expenditure and which the Local Provincial Council has had the opportunity of considering and has not accepted. For I think it may be assumed that if the Members of the Bengal Provincial Council attached great importance to this matter, so far as detenus inside Bengal are concerned, an amendment to that effect would have been moved on the provincial Bill and would have been passed by the Council. I would, therefore, ask the House to consider whether it should lightly accept an amendment which will undoubtedly have the effect of imposing on provincial revenues a charge against the wishes of the Legislative Council. We have heard a good deal about provincial autonomy this morning, and I think some of the views expressed have been rather curious. But I do think that the Central Legislature will be creating a somewhat embarrassing position if they take it upon themselves to impose obligations against the wishes of a Provincial Legislature and for which the Provincial Government will have to pay. That is so far as travelling allowances are concerned.

As regards the conditions of detention, I have repeated an assurance given by Sir James Crerar in the most explicit manner, and I have also assured the House that if any Member wishes to make any suggestion in this matter it will receive very careful consideration. But matters of this sort are for administrative attention rather than for embodiment in Statutory Law. It is not the practice to include in the Bill itself detailed provisions relating to administrative arrangements. Again, we must recognise that local conditions differ, and that while it is proper and reasonable that the Government of India should insist on certain general principles, latitude must be left to Local Governments to prescribe rules which, while observing the general principles, do make allowance for special local conditions. For these reasons, Sir, I regret I am unable to accept the amendment.

THE HONOURABLE THE PRESIDENT : The original question was :

“That clause 2 stand part of the Bill.”

[The President.]

Since which an amendment has been moved :

"That the following further Proviso be added to clause 2, namely :

Provided further that in the case of any such person, rules shall also be framed, by or under the authority of the Government of India, to ensure as far as practicable similar conditions of detention as regards diet and mode of life as would have obtained in Bengal, and to provide reasonable facilities for correspondence and for interviews (including payment by the Local Government of travelling allowances, where necessary) between such person and his relations."

The question I have to put is whether that amendment be made.

The motion was negatived.

Clause 2 was added to the Bill.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK:
Sir, the amendment which I have to move runs as follows :

"That after clause 2 the following be inserted as clause 3 and the remaining clauses be re-numbered as clauses 4, 5 and 6 :

'3. Where in exercise of the powers under section 2, any person is committed to custody in a jail outside Bengal, the Government of India and the Local Government shall obtain a full report at least once a month regarding the health, comfort and conditions of detention of every such person, and such reports shall be laid before either House of the Central Legislature as well as before the Local Legislative Council at each session thereof.'

The object of this amendment, Sir, is to re-assure the public. I venture to think that public opinion is always a great asset, and if without sacrificing any questions of policy or principle, Government may earn the goodwill of the people in carrying out the provisions of drastic legislation, it is well worth doing it. I believe Government will, of their own accord, be obtaining such reports. All that I ask is that these may be made public, and if they are laid on the table in the Legislature, not only will publicity be gained, but a moral check will be ensured. Sir, as Legislatures are being asked to sanction these extraordinary powers to the executive, is it too much to expect that the executive should justify their actions to us to the very limited extent of making a periodical report on the conditions of the detenus.

THE HONOURABLE MR. H. W. EMERSON: Sir, so far as the transfer of these detenus to a new camp at Deoli is concerned, I have already assured the House that suitable medical arrangements are being made and the House may rest assured that every attention will be paid to the health of the detenus. So far as these persons may be transferred to any other province it is the practice to detain them in a jail. As the Honourable Members know medical arrangements in a jail are a very important care of the Local Government. Whether, therefore, these persons be transferred to Deoli or to any other province, the House may rest assured that suitable medical arrangements will exist. The suggestion contained in the amendment of the Honourable Member is that in regard to these persons a system which, so far as I know, is without precedent should be introduced, by which there should be an obligation on the Local Government concerned to prepare a report each month not only on the health but also on the conditions of detention, and the comfort of all persons detained, and that this report should be presented to the Indian Legislature, and also to the Legislative Council. I would oppose the amendment as unnecessary. If it is desirable for detenus who are transferred outside Bengal,

surely it is equally desirable for detenus who are detained inside Bengal, and there will be many more detained inside the province than will be transferred outside it. So far as I am aware the Legislative Council of Bengal has expressed no wish to be so intimately informed of the conditions, comfort, health and so on of each individual detenu who is kept under detention. And I think the reason is plain. It is not that the Members are not concerned with the health of these persons. It is because they are able by exercising their right of asking questions to obtain any information they may wish regarding a particular detenu. That right equally exists in regard to Members of the Indian Legislature and is being constantly exercised. During the present session the Home Department have, I know, obtained the necessary information regarding quite a number of persons who are kept in detention under either the Bengal Criminal Amendment Act or other Acts. I would therefore suggest that the object which the Honourable Member has at heart can be achieved equally well without imposing on the Local Government concerned the amount of unnecessary labour which his suggestion would involve. I regret, Sir, I cannot accept the amendment.

THE HONOURABLE THE PRESIDENT: The question is :

"That after clause 2 the following be inserted as clause 3 :

'3. Where in exercise of the powers under section 2, any person is committed to custody in a jail outside Bengal, the Government of India and the Local Government shall obtain a full report at least once a month regarding the health, comfort and conditions of detention of every such person, and such reports shall be laid before either House of the Central Legislature as well as before the Local Legislative Council at each session thereof.'

I think the "Noes" have it.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK:
The "Ayes" have it.

THE HONOURABLE THE PRESIDENT: Is the Honourable Member wishing to claim a division? I thought when I said the "Noes" have it that the Honourable Member said "Yes", agreeing with that decision; but apparently he meant otherwise. Is the Honourable Member wishing to claim a division?

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK:
Yes, Sir.

THE HONOURABLE THE PRESIDENT: Will those Honourable Members who wish to vote "Aye" on that question rise in their places? The "Ayes" are 1.

Will those Honourable Members who wish to vote "No" rise in their places? The "Noes" are 21.

The motion was negatived.

Clause 3 was added to the Bill.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians): Sir, the clause that I wish to have deleted runs as follows :

"The powers conferred by section 491 of the Code of Criminal Procedure, 1898, shall not be exercised in respect of any person arrested, committed to or detained in custody under the local Act or the local Act as supplemented by this Act."

[Sir David Devadoss.]

I entirely approve of the object of the Bill. Never in the history of this vast country was it known that young girls and delicately brought-up children were tutored and trained to commit cold-blooded murder. One shudders to think what the result would be if this state of things were allowed to continue. An ordinary Indian household seldom sees a fire-arm and its inmates never handle one. How is it then that girls of 14 and 15 of respectable parentage learn the use of revolvers. I think, Sir, there is some organisation which gets at these immature persons and instils poison into their minds and makes them monomaniacs. Such associations ought to be crushed out of existence. Unless and until that is done I am afraid it will be very difficult to prevent the commission of atrocious crimes. One can appreciate the anxiety of the Government to prevent the spread of sedition by removing the undesirable elements to some place or places where they will not be able to do much mischief. But in achieving this object, we should not overlook the very foundations of civil liberty.

The Criminal Law Amendment Act is a very drastic measure and it does not provide any adequate remedy against unauthorised and illegal detention and therefore the only remedy open to the subject should not be lightly taken away.

Sir, the right of *habeas corpus* is a valuable and highly cherished remedy against executive high-handedness. Students of English history know how it acted as a check upon executive lawlessness. In the words of Wharton :

"This, the most celebrated prerogative writ in the English law is a remedy for a person deprived of his liberty".

The argument in favour of the retention of this remedy receives strength from the fact that the detenu is liable to be sent out of the jurisdiction of the Government of Bengal. The Local Government can be expected to see that the provisions of the law are not violated in detaining the suspected persons. Can the same be said of other Governments within whose jurisdiction the detenus are confined, whose officers may regard them as unwanted and undesirable persons who have been thrust upon them? Further, the Chartered High Courts may disregard the provisions of clause 4 and as successors of the old Supreme Courts may hold that they have inherent jurisdiction to issue the writ in proper cases. We may trust the High Court to interfere only in cases where the provisions of the law have not been complied with and not to go into their merits or evidence. It is unnecessary to discuss the question at any length.

As a member of the English Bar I feel it my duty to enter my emphatic protest against putting on the Statute-book such a provision as that contained in clause 4. The case of political prisoners is different. Municipal courts have no jurisdiction to question the legality of Acts of State; but the detenus are not political prisoners and are at best only common law offenders. With these few words, Sir, I move that clause 4 be omitted from the Bill.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, I beg to support this amendment for the deletion of clause 4. Clause 4 seeks to curtail the powers of the High Court which it possesses under section 491 of the Criminal Procedure Code, i.e., powers of the nature of a *habeas corpus*. It has, to my mind, two aspects. One is that it means the taking away of the only effective remedy available to a subject of questioning the acts of the

executive. This, Sir, is a very serious matter. We must remember that we are conceding under the provisions of this Bill the principle of detention without trial. Now supposing the detention of a person under the Bengal Criminal Law Amendment Act is unlawful because the conditions of the Statute have not been complied with or the order has not been passed, say, by the proper authority, there is no reason why a subject should be deprived of his remedy under section 491 of the Criminal Procedure Code and the principle obtaining in every part of the British Empire, namely, that a person has a right to be protected from illegal imprisonment, should be departed from in the case of these detenus. If we allow this, I think we will be conceding a very dangerous principle. The other aspect is that we will be depriving the High Courts—the highest judiciary in the country—of certain important powers which they possess in relation to the actions of the executive. This, Sir, to my mind, implies want of faith in the most important and independent judicial authority. After all, the High Court will not exercise the jurisdiction under section 491 of the Criminal Procedure Code if the conditions of the Statute are satisfied, and the detention is lawful. Why should the Government therefore be afraid of the High Courts and not have faith in them? In my opinion we should not give *carte blanche* to the executive knowing as we do that we have to deal with an irresponsible executive. In my humble opinion, therefore, clause 4 lays down a principle and a proposition to which this House should not agree. Hence I am in favour of the amendment.

THE HONOURABLE THE PRESIDENT: Does the Honourable Member from Bengal propose to move his amendment to this clause?

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK: Yes, Sir. The amendment which stands in my name runs thus:

"That in clause 4 for the word and figures 'section 491' the words, figures and letters 'section 491, sub-section (1), clauses (a), (b) and (c)' be substituted."

In the Assembly the Honourable the Law Member stated that though under section 491 (Criminal Procedure Code) powers were being taken away in the case of the detenus, there was no intention to take away the powers given to the High Court by clauses (c) and (d) of that section. These clauses empower the High Court to direct:

"(c) that a prisoner detained in any jail situate within such limits be brought before the Court to be there examined as a witness in any matter pending or to be inquired into in such Court;

(d) that a prisoner detained as aforesaid be brought before a Court-martial or any Commissioners acting under the authority of any commission from the Governor General in Council for trial or to be examined touching any matter pending before such Court-martial or Commissioners respectively".

If there is no intention to interfere with these powers, why not make that clear by limiting the suspension of the right of *habeas corpus* to the cases which really matter? I gather that what Government want to prevent is merely the right to claim a trial or the right to question the custody, as illegal or improper. My amendment leaves that wholly untouched. Sir, I move.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, the amendments proposed seem to be modest and reasonable. Clause 4 curtails the powers of the High Court. Sir, I am of opinion that no legislation ought to take away the fundamental rights given by the common law. It is a matter

[Rai Bahadur Lala Ram Saran Das.]

of justice and fair play. The High Court ought not to be left at the mercy of the executive by doing away with the only right of protection to an aggrieved person given by the writ of *habeas corpus*. I strongly condemn the terrorist movement and I am of opinion that we must help the Government in every possible way to crush it and to destroy it. But, at the same time, we ought to have these safeguards, and the proposals made by my Honourable friends Sir David Devadoss and Mr. Ghosh Maulik are reasonable, and I think they ought to have the approval of this House.

THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, my Honourable friend Sir David Devadoss who has moved this amendment was, in his non-official days, a very mild politician. He was not even a moderate politician. He has said that, as a member of the English Bar, he has felt it his duty to move his amendment and stand by it. I may perhaps remind the House that he adorned the Madras High Court for seven years, and when one of his antecedents and qualifications moves an amendment of this description, I think it should receive the most careful consideration at the hands of all. This clause 4 has formed the subject-matter of speeches by many of my honourable friends on the occasion of the debate on its first reading. I will not therefore dwell on it again, but before I sit down I should like to make this one observation. If the right is given to a detenu to appeal to the High Court there is a chance, a very reasonable chance, of many a young man who might be innocent and who might have been for some reason or other detained as a detenu getting back his freedom. More than anything else it will be a great and, in my opinion, a useful check upon the vagaries of the subordinate executive officers who perhaps make reports to their superiors which they are not often in a position to judge accurately and correctly.

THE HONOURABLE THE PRESIDENT : I would remind the House that it is not the practice here to treat a motion that a clause be omitted as an amendment to a Bill or for such motion to be put from the Chair. The motion before the House is that clause 4 stand part of the Bill, and to that an amendment has been moved by the Honourable Mr. Ghosh Maulik. It is that amendment that is before the House at the moment.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Mr. President, the fact that according to the traditions of this House an amendment to delete a clause cannot be moved has debarred us from discussing the motion of Sir David Devadoss, and we are discussing the motion of the Honourable Mr. Ghosh Maulik.

THE HONOURABLE THE PRESIDENT : I do not quite understand what the Honourable Member is suggesting. When the Honourable Mr. Ghosh Maulik's amendment or amendments have been disposed of the clause will still be before the House and the Honourable Member can go on for the rest of the day if he likes.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Sir, the fact that an Honourable Member of this House who is a past Judge of the Madras High Court is opposing this clause and a past Judge of the same High Court opposed it in the Lower House and the opinion of the Advocate General of Madras was quoted by a Member in the other place in opposition to this Bill is significant ; and in view of that, I think the amendment brought

forward by Mr. Ghosh Maulik is a sort of *via media*. It gives the High Court some power and at the same time serves the purpose of the Government in denying it certain specific powers. I therefore press this on the attention of the House.

THE HONOURABLE SIR BROJENDRA MITTER : Sir, the Honourable Sir David Devadoss objects to clause 4 because as a member of the English Bar he feels that clause 4 attacks the foundation of civil liberty, and, he dwelt, although shortly, on the virtues of *habeas corpus*. As a member of the English Bar I would refer him to the maxim "*Salus populi est suprema lex*". Sir, this maxim is based on the implied agreement of every member of society that his individual welfare shall in case of necessity yield to that of the community and that his property, liberty and life shall under certain circumstances be placed in jeopardy or even sacrificed for the public good. That is the *suprema lex* in English law.

Now, what is the situation with which we are faced ? We are faced with abnormal crime in Bengal. In normal circumstances no doubt the normal principles of law ought to apply, but in abnormal circumstances normal principles can no longer be followed in their entirety. When abnormal circumstances become extremely abnormal and lawlessness overruns the country, then, in every civilised state all law for the time being is suspended and what is known as martial law, which is really the negation of all law, is resorted to. There are three stages. In normal conditions we have normal law. In abnormal conditions we must have abnormal law, and in widespread lawlessness we must have the suspension of all laws.

Sir, in Bengal the crime with which the Government is faced is not an ordinary crime which proceeds from infirmities of human nature, but is an organised crime out to strike at the root of society. That is the object of the terrorist movement. That being so, we have to deviate a little from the normal laws of the land. Sir, the provisions of section 491 are part of the normal laws of the land. If a person is illegally arrested or illegally detained, he has normally the right to go to the High Court for relief. He will not be deprived of that right even under clause 4 of this Bill. Clause 4 says :

"The powers conferred by section 491 of the Code of Criminal Procedure, 1898, shall not be exercised in respect of any person arrested, committed to or detained in custody under the local Act or the local Act as supplemented by this Act".

Sir, if a person is arrested or detained under the local Act, he is arrested or detained legally. That local Act may be a bad law, but still it is the law of the land. If this Supplementary Bill is passed, it may be a good Bill or a bad Bill—but it will nevertheless be the law of the land. Therefore, any arrest or any detention either under the local law or under this law will be legal arrest and legal detention. In that case section 491 will have no application. All the other powers, which Sir David Devadoss mentioned, of the Chartered High Courts do not come into the picture. They are not affected. Sir, what strikes me is that there is a good deal of loose talk over our nebulous conceptions of fundamental rights. What are the fundamental rights, and whose rights ? It is the fundamental right of the citizens at large that this sort of secret crime should not be committed. Are we thinking of the fundamental rights of the community as a whole ? We are only thinking of the fundamental rights of the suspected terrorist. Now, is there not, as the Advocate General of Bengal said the other day in a case, is there not such a thing as the fundamental duty of a citizen ? We are always talking of the fundamental rights of the man who

[Sir Brojendra Mitter.]

breaks the law. What about his fundamental duties? Sir, these general remarks are loosely made and loosely refuted but they serve no useful purpose. Let us come to the particular amendment. Let us see what is the scope of clause 4 and what the amendment wants. Clause 4 says that no person arrested or detained under the local Act or under this Act shall have resort to the High Court. But he will not have resort, in any case, if the arrest or detention be made under these Acts because his arrest or detention will be legal. Therefore we are not taking away any right which he would otherwise possess. I can well understand the argument that if a person is arrested or detained not in pursuance of the Act but in violation of the provisions of the local Act or in violation of the provisions of the Supplementary Act, he should have a remedy. His position will be this. Clause 4 will not take away his right to go to the High Court. It will be open to him to go to the High Court and say: "Well, a police officer who was not specially authorised under the local Act has arrested me. I am not under legal arrest and I want relief. I want an open trial." That right is not being taken away by section 4. He will still have that right. If a person is detained, say, in a province other than the province of Bengal without the sanction of the Government of India, as clause 2 of this Bill provides, in that case that person may very well go to a High Court and say: "I am being detained here not under the Supplementary Act, but against the provisions of the Supplementary Act. Therefore, my detention at Deoli is illegal." Nothing will prevent him from going to the High Court, nor will anything prevent the High Court from giving adequate relief in such a case. Sir, when you examine clause 4 closely you will find we are not taking away any valuable right from anybody. The only case in which section 491 would have applied, but for clause 4, is this. If a person is arrested under section 4 of a local Act by a police officer and before an order by the Local Government for his detention is passed, during this short period, he could, if clause 4 were not enacted, go to the High Court and claim an open trial. But as soon as the order of the Local Government for his detention is made, that right automatically falls to the ground. This is a matter, Sir, which I do not think Honourable Members fully realise.

Section 2 of the Bengal Act says this: "where, *in the opinion* of the Local Government, there are reasonable grounds for believing that" any person has done something, the Local Government may by order in writing direct that he shall be committed to custody in jail. Now suppose an order is made by the Local Government and the person makes an application to the High Court that he is being illegally detained and claims an open trial. The High Court will immediately say: "It is not for us to decide, because this order has been made by the Local Government and we are not to judge of the correctness or otherwise of that order, because the law says the opinion of the Local Government is conclusive." The Local Government before making the order, came to a particular opinion. Once the Local Government has done that, then that is conclusive. That is the effect of the local Act. That being so, a person detained under the Bengal Act, when the Local Government has, after forming an opinion, passed an order, has no relief under section 491 or any other provision of the law. The only case in which the High Court may intervene, if clause 4 be not passed, would be an arrest under section 4 of the local Act. Section 4 says:

"Any officer of the Local Government authorised in this behalf may arrest, without warrant, any person against whom a reasonable suspicion exists".

Now, the person under arrest, before the order of the Local Government has been passed, may go to the High Court and say: "I have been arrested on suspicion, but it is not reasonable suspicion." In such a case a High Court might go into the matter to decide the question whether the suspicion upon which the police officer arrested the man was reasonable or unreasonable suspicion. That is the only case in which section 491 would be available if clause 4 of the present Bill be not passed. But just consider this for one moment. As soon as such an application is made the Local Government sends for the papers and immediately proceeds to pass an order either of his release or of his detention according as the merits of the case require. Directly the Local Government passes that order, although an application might be pending before the High Court, that application becomes infructuous. The High Court has no further jurisdiction. Therefore what is the right, the substantial right, which is being taken away by clause 4? The substantial right which is being taken away is the right of a man under arrest during the short period between arrest and the order of the Local Government. Sir, it may be asked, if it be so, then why enact this at all? The answer of the Government is this. It is still necessary to enact this because section 491, sub-clause (3), expressly provides that certain Regulations and Acts are excluded from the scope of section 491. In order to bring the Bengal Act into line with these Acts and Regulations that this clause is necessary, because if it were not enacted it might well be argued in every case that certain Regulations and Acts are specifically excluded from the operation of section 491; the Bengal Act is not so excluded and therefore section 491 still applies to a prisoner who is detained under the Bengal Act. Sir, in order to obviate the doubt created by such argument that it is necessary to enact clause 4. The second reason is this. In the very few cases where a person might resort to section 491, between arrest and the order of the Local Government, assuming that the High Court does go into the matter of the reasonableness of the arrest, what would be the position of the Government in such cases? Government will have to place all facts and all evidence before the High Court in order to satisfy the Court that the arrest was made upon reasonable suspicion. Now, that is a thing which in the interests of the community is not desirable. Government is anxious not to expose witnesses and persons who give valuable information with regard to the terrorist movement to the danger of being assassinated. Government is not willing, in the interests of the community, to disclose the methods which it is adopting to fight the terrorist movement. All these disclosures will have to be made in order to satisfy a Court that a particular arrest was made on reasonable suspicion. Sir, it is necessary, in the abnormal circumstances which exist in Bengal at the present moment, that the normal law of *habeas corpus* should be suspended for the period of three years for which this measure will have operation. Sir, I hope the explanation which I have given will satisfy Honourable Members that no very dreadful thing is being done or that we are taking away a valuable right from the citizens. Very little is being taken away and what little is being taken away is necessary in the larger interests of the community. (Applause.)

THE HONOURABLE THE PRESIDENT (to the Honourable Sir David Devadoss who had risen in his seat): The Honourable Member is not entitled to a reply.

The original question was:

"That clause 4 stand part of the Bill."

[The President.]

Since which an amendment has been moved :

"That for the word and figures 'section 491' the words, figures and letters 'section 491, sub-section (1), clauses (a), (b) and (c)' be substituted."

The question I have to put is that that amendment be made.

I think the "Noes" have it.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK :
The "Ayes" have it.

THE HONOURABLE THE PRESIDENT : The Honourable Member has not forgotten the fate of his last division ?

Will those Honourable Members who wish to vote "Aye" rise in their places ? The "Ayes" are 5.

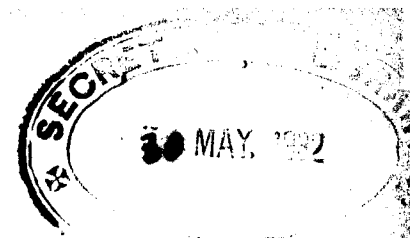
Will those Honourable Members who wish to vote "No" rise in their places ? The "Noes" are 21.

The motion was negatived.

THE HONOURABLE THE PRESIDENT : This will be, I think, a convenient moment to adjourn the House. The only doubt I have is whether it will be more convenient for Honourable Members to adjourn till half past two or till to-morrow morning. The list of business for to-morrow is short and there will be plenty of time to dispose of this Bill to-morrow morning.

HONOURABLE MEMBERS : To-morrow morning, Sir.

The Council then adjourned till Eleven of the Clock on Tuesday, the 5th April, 1932.



COUNCIL OF STATE.

Tuesday, 5th April, 1932.

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

MEMBER SWORN :

The Honourable Mr. George Richard Frederick Tottenham, C.I.E.
(Army Secretary).

SHORT NOTICE QUESTIONS AND ANSWERS.

EXEMPTION FROM INCOME-TAX OF LIFE INSURANCE PREMIA.

1. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state whether life insurance premia are exempt from income-tax or not ?

THE HONOURABLE MR. A. F. L. BRAYNE : Yes. Under section 15, sub-sections (1) and (2) of the Indian Income-tax Act, subject to the limitation imposed by sub-section (3) of the same section, namely, that the aggregate of the sums so exempted and of sums exempted as deducted under the authority of Government from a Government servant's salary as subscriptions to a provident fund [section 7 (1)] and of sums exempted as contributions to a recognised private provident fund (section 58F), shall not exceed 1/6th of his total income.

EXEMPTION OF LIFE INSURANCE PREMIA FROM INCOME-TAX.

2. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Were life insurance premia ever exempt from income-tax ? If so, since when are life insurance premia being treated as subject to income-tax ?

THE HONOURABLE MR. A. F. L. BRAYNE : Life insurance premia are now exempted as I have just stated. They were also exempted under the Acts of 1886 [section 5(f)] and 1918 [section 12 (2)].

LIFE INSURANCE PREMIA AND INCOME-TAX.

3. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : If through a mistake the item of life insurance premia be not included in an assessee's statement of expenses submitted to the Income-tax Officer, can that mistake be rectified by petition to the authorities concerned ? Is the assessee entitled to get exemption from income-tax for the life insurance premia he pays ?

THE HONOURABLE MR. A. F. L. BRAYNE: If there is a mistake in a return, a revised return may be submitted at any time before the assessment is made [section 22 (3)]. While it is doubtful whether an assessee could file an appeal before the Assistant Commissioner under section 30 against an assessment based directly on his own return, he could certainly move the Commissioner of Income-tax to exercise his power of revision under section 33. It would then be open to the Commissioner to pass such orders as he thought fit.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 4th April, 1932, namely:

- A Bill to provide for the administration and discipline of the Indian Air Force, and
- A Bill to provide funds to enable Government to continue wireless broadcasting in India by increasing the import duties leviable on wireless reception apparatus.

MESSAGE FROM THE LEGISLATIVE ASSEMBLY.

SECRETARY OF THE COUNCIL: Sir, the following message has been received from the Secretary of the Legislative Assembly:

"I am directed to inform you that the Legislative Assembly has, at its meeting held on the 4th April, 1932, agreed without any amendment to the Bill to validate certain suits relating to public matters which was passed by the Council of State at its meeting held on the 14th March, 1932."

STATEMENT RE WORKING OF THE CAPE TOWN AGREEMENT OF 1927.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member): With your permission, Sir, I beg to make the following statement:

1. In accordance with paragraph 7 of the Cape Town Agreement of 1927 delegates of the Government of the Union of South Africa and of the Government of India met at Cape Town from January 12th to February 4th, 1932, to consider the working of the Agreement and to exchange views as to any modifications that experience might suggest. The delegates had a full and frank discussion in the Conference, which was throughout marked by a spirit of cordiality and mutual good-will.

2. Both Governments consider that the Cape Town Agreement has been a powerful influence in fostering friendly relations between them and that they should continue to co-operate in the common object of harmonising their respective interests in regard to Indians resident in the Union.

3. It was recognised that the possibilities of the Union's scheme of assisted emigration to India are now practically exhausted owing to the economic and climatic conditions of India as well as to the fact that 80 per cent. of the Indian population of the Union are now South African-born. As a consequence the possibilities of land-settlement outside India, as already contemplated in paragraph 3 of the Agreement, have been further considered. The Government of India will co-operate with the Government of the Union in exploring the possibilities of a colonisation scheme for settling Indians both from India and from South Africa, in other countries. In this investigation which should take place during the course of the present year, a representative of the Indian community in South Africa will, if they so desire, be associated. As soon as the investigation has been completed the two Governments will consider the results of the inquiry.

4. No other modification of the Agreement is for the present considered necessary.

5. Before passing on to the Transvaal Asiatic Tenure (Amendment) Bill, Honourable Members would, perhaps, like me to comment on the more important points in the settlement which I have just announced.

(1) Recognition by the two Governments of the need of continued co-operation in the common object of harmonising their respective interests in regard to Indians resident in the Union justifies the hope that friendly relations between South Africa and India, which are of such vital importance to the Indian community in the Union, will continue.

(2) It had become increasingly evident for sometime before the Conference met at Cape Town that Indian opinion both in South Africa and in India had become unfavourable to the scheme of assisted emigration to India. This was due to no shortcoming on the part of either Government but primarily to climatic and economic causes, and the fact that 80 per cent. of the Indian population of South Africa were born in the Union. The recognition of the Union Government that the possibilities of this scheme are now practically exhausted should be received with considerable relief by Indian opinion on both sides of the ocean.

(3) The proposal that the possibilities of land-settlement outside India should be examined merely carries out an integral part of the 1927 Agreement. It may be welcomed on two grounds:

(i) If it results in a satisfactory scheme of land settlement, it may provide an outlet, especially to the younger generation of Indians in South Africa, in a country where they may have greater opportunities both for economic development and for political self-expression.

(ii) The association of a representative of the South African Indian Congress in the investigation will not only be a valuable safeguard for the inquiry, but constitutes an experiment in collaboration between the Union Government and the Indian community in South Africa which, it is hoped, will be extended to other fields.

(4) The Agreement stands unmodified except as regards the scheme of assisted emigration to India, and the proposed exploration of the possibilities of land settlement elsewhere. This means, to mention only two points out of the last Agreement, that the Government of the Union continue to adhere to the policy of uplifting the permanent section of their Indian population, and

[Khan Bahadur Mian Sir Fazl-i-Husain.]

that the Government of India will continue to maintain in South Africa an Agent whose presence has admittedly proved most helpful alike to the Indian community in South Africa and to the promotion of friendship between the two countries.

6. I shall now endeavour to deal with the Transvaal Asiatic Tenure (Amendment) Bill. The Conference decided that it should be considered by a sub-committee consisting of two representatives of each Delegation. After discussion in the sub-committee Dr. Mahan, who was one of Union representatives, agreed to place informally before members of the Select Committee, which had prepared Bill, suggestions of the delegates from India. Results of this consultation may be summarised as follows:

- (1) Clause 5 of the Bill which embodied the principle of segregation by providing for the earmarking of areas for the occupation or ownership of land by Asiatics has been deleted. Instead, the Gold Law is to be amended to empower the Minister of the Interior, after consultation with the Minister of Mines to withdraw any land from the operation of sections 130 and 131 in so far as they prohibit residence upon or occupation of any land by coloured persons. This power will be exercised after inquiry into individual cases by an impartial commission presided over by a judge to validate present illegal occupations and to permit exceptions to be made in future from occupational restrictions of Gold Law. It is hoped that liberal use will be made of this new provision of the law so as to prevent the substantial dislocation of Indian business which strict application of the existing restrictions would involve, and to provide Indians in future with reasonable facilities to trade in the mining areas without segregation.
- (2) The Bill has also been amended so as to protect fixed property acquired by Asiatic communities up to 1st March 1930, which are not protected by section 2 of Act 27 of 1919. This will have the effect of saving many Indian properties which, though not acquired in contravention of the letter of the Act of 1919, were acquired contrary to its spirit.
- (3) Local bodies, when clause 10 of the Bill required to refuse certificates of fitness to an Asiatic to trade on the ground that the applicant may not lawfully carry on business on the premises for which the licence is sought, shall have to treat a certificate issued by a competent Government officer to the effect that any land has been withdrawn from the restrictive provisions of sections 130 and 131 of the Gold Law as sufficient proof that a coloured person may lawfully trade on such land. As it is proposed to maintain hereafter a register of all lands in proclaimed areas where Asiatic occupation is permitted, such a provision should prove a valuable safeguard to the Indian community.

7. As against these important concessions, it has to be recognised that the recommendations of the Indian Delegation that areas like Springs and de-proclaimed land, to which the restrictions of clauses 130 and 131 do not at present apply, should not be made subject to them, and that leases for

ten years or more should not be treated as fixed property have not been accepted. On the balance, however, the amendments which, subject to ratification by the Union Parliament, have been made in the Bill represent a substantial advance on the original Bill.

8. I must apologise to the House for the length of the statement. I have endeavoured to make it as brief as is compatible with clarity. Government had hoped that it would be possible to make the announcement earlier, but this was found impossible as the results of the Conference have to be published in both countries simultaneously, and the Union Parliament re-assembles only to-day after the Easter recess. Government trust, however, that keeping in view the difficulties inherent in the problem, and after consideration of the statement which has been made to-day, Honourable Members will feel satisfied with the results achieved. (Applause.)

Bill to amend in certain respects the law relating to occupation of certain land in the Province of the Transvaal by Asiatics and to provide for matters incidental thereto.

(Introduced by the MINISTER OF THE INTERIOR.)

BE IT ENACTED by the King's Most Excellent Majesty, the Senate and the House of Assembly of the Union of South Africa, as follows:—

1. *Amendment of section one hundred and thirty of Act No. 35 of 1908 (Transvaal).—Section one hundred and thirty of the precious and Base Metals Act, 1908 (Transvaal) (hereinafter referred to as the Gold Law), is hereby amended by the addition of the following words at the end of sub-section (1) thereof "and no coloured person other than such bona fide servant may reside on or occupy any such ground".*

2. *Amendment of section one hundred and thirty-one of Act No. 35 of 1908 (Transvaal).—Section one hundred and thirty-one of the Gold Law is hereby amended—*

- (a) by the deletion of the words "be permitted to" in sub-section (1);
- (b) by the deletion of the words "proclaimed land" in sub-section (1) and the substitution therefor of the words "or occupy any land, which has been or purports to have been proclaimed a public digging under any provision whatsoever of this Act or Law No. 15 of 1898 or of a prior law, and which has not been lawfully de-proclaimed, whatever its situation, the nature of its tenure, the nature and extent of any rights in regard thereto under this Act or any other law, or the condition of its surface may be, or may have been on the date of such proclamation.

3. *Retrospective effect of sections one and two.—The provisions of sections one and two shall be construed as having come into operation on the first day of May, 1930: Provided that any coloured person who was lawfully residing on, or occupying any ground or land referred to in either of those sections immediately prior to the date when its provisions became or are, in terms of this section, deemed to have become applicable to such ground or land, shall be entitled to continue such residence or occupation, subject to compliance with the requirements of any other law.*

4. *Prohibition of occupation of proclaimed land by coloured persons to continue after de-proclamation.—(1) If any land which was at any time subject to the provisions of section one hundred and thirty or one hundred and thirty-one of the Gold Law, has before the first day of May, 1930, ceased to be a public digging it shall, nevertheless continue to be subject to those provisions of that section, or any amendment thereof, as if it were still a public digging, as long as it is situate within the area of jurisdiction of any municipal council or village council or health committee: Provided that any coloured person who was, on the first day of May, 1930, lawfully residing upon or occupying such land, shall be entitled to continue such residence or occupation subject to compliance with the requirements of any other law.*

(2) Any land which was, at any time subject to any provisions of section one hundred and thirty or section one hundred and thirty-one of the Gold Law or any amendment thereof, shall, subject to any provisions of Act No. 18 of 1913 or of this Act which may be applicable thereto, remain subject to the provisions of the said section one hundred and thirty or one hundred and thirty-one even if it ceases to be a public digging, as long as it is situate within the area of jurisdiction of any municipal council or village council or health committee.

[Khan Bahadur Mian Sir Fazl-i-Husain.]

5. *Exempted Areas.*—(1) Within one year after the commencement of this Act every municipal council or village board within whose area of jurisdiction Asiatics reside and within which area is included any ground or land referred to in section one hundred and thirty or one hundred and thirty-one of the Gold Law, or any amendment thereof, shall subject to any law relating to the laying out of township, define an area or areas within its area of jurisdiction for the accommodation of Asiatics and indicate in respect of any such area whether any Asiatic may reside but may not carry on business therein or whether he may carry on business but may not reside therein, or whether he may both reside and carry on business therein.

(2) If the area or areas so defined are, in the opinion of the Minister of the Interior, after consultation with the Minister of Mines and Industries, suitable and of sufficient extent for the purpose indicated as aforesaid, to meet the reasonable residential and business requirements of all Asiatics residing or carrying on business in the area of jurisdiction of such council or board, he shall, subject to any law relating to the laying out of townships, by notice in the *Gazette*, define such area or areas as an exempted area or areas and indicate in such notice in respect of every such area, in accordance with the indication of such council or board, whether an Asiatic may reside therein but may not carry on business therein, or whether he may carry on business therein but may not reside therein, or whether he may both reside and carry on business therein.

(3) Any Asiatic may thereupon, notwithstanding the provisions of any other law, acquire the ownership of or any other real right in or a lease or other right of occupation of any land in any such area and may reside or carry on business thereon or permit any other Asiatic to reside or carry on business thereon, in accordance with such indication, subject to compliance with any law relating to residence or to any such business.

(4) If any such council or board fails to define in accordance with the provisions of sub-section (1) an area which is or areas which are, in the opinion of the Minister of the Interior, suitable and of sufficient extent to meet all reasonable residential and business requirements of all Asiatics residing or carrying on business in the area of jurisdiction of such council or board, the Minister of the Interior shall, subject to any law relating to the laying out of townships, after consultation with the Minister of Mines and Industries, and with such council or board, as soon as may be, by notice in the *Gazette* define an area or areas within such area of jurisdiction as an exempted area or areas and indicate in such notice in respect of every such area whether an Asiatic may reside therein but may not carry on business therein, or whether he may carry on business but may not reside therein, or whether he may both reside and carry on business therein, and the provisions of sub-section (3) shall thereupon apply in respect of any such area.

(5) No land may be included in an exempted area in terms of this section if the title deed of that land contains any servitude or condition prohibiting its transfer to or occupation by an Asiatic, unless the owner of every piece of land in whose favour such servitude or condition is intended to operate, signifies his consent in writing to such inclusion.

6. *Amendment of section one of Act No. 37 of 1919.*—Section one of Asiatic (Land and Trading) Amendment (Transvaal) Act (Act No. 37 of 1919), is hereby amended—

(a) by the deletion of the expressions "British Indian" and "Indian" wherever they occur and the substitution therefor of the words "coloured person";

(b) by the addition of the following new sub-sections (2) and (3), the existing section, as hereby amended, becoming sub-section (1):

"(2) The provisions of sub-section (1) shall not exempt any coloured person from any provision of the said section one hundred and thirty or one hundred and thirty-one, or any amendment thereof, in respect of any number of pieces of land in any township in excess of the number of pieces of land on which he resided or which he occupied in such township on the first day of May, 1919, or in respect of any area in such township in excess of the area on which he resided or which he occupied in such township on the said date.

(3) Any coloured person was, on the first day of May, 1930, residing upon or occupying any land and such residence or occupation was by virtue of any provision of the said section one hundred and thirty or one hundred and thirty-one or of this section unlawful, such coloured person may, subject to compliance with the requirements of any other law, nevertheless continue such residence or occupation till the thirtieth day of April, 1935: Provided that he has, before the first day of September, 1930, furnished the Minister of the Interior with a written notice, specifying the land which he unlawfully resides upon or occupies, the nature of such residence or occupation and the period during which he resided on or occupied such land and such other particulars in regard to such land, residence or occupation as the Minister may require him to furnish."

Substitution of section two of Act No. 37 of 1919.—Section two of Act No. 37 of 1919 is hereby repealed and the following new sections two, three, four, five, six, seven, eight, nine, ten and eleven substituted therefor the existing section three becoming section twelve.

2. *Restrictions in connection with certain fixed property.*—(1) The expression "fixed property" in Law No. 3 of 1885 (Transvaal) and in this Act shall be construed as meaning any real right in immovable property in the Province of the Transvaal outside an area assigned for the occupation of Asiatics under paragraph (b) of article two of the said Law, as an exempted area in terms of the Transvaal Asiatic Tenure (Amendment) Act, 1930, other than a mortgage bond over immovable property securing a *bona fide* loan granted in the ordinary course of business, for an amount which either alone or together with any other mortgage bond having priority over the first mentioned mortgage bond, does not exceed one half of the value of such property as at the time of the registration of such mortgage and shall include any lease of immovable property for a period of ten years or longer or any lease which empowers the lessee to renew it for any period or periods which together with the period of the original lease, equal or exceed a period of ten years.

(2) No Asiatic company shall hold any fixed property.

(3) The provisions of sub-sections (1) and (2) shall not apply in respect of any fixed property which, on the first day of May, 1930, stood lawfully registered in any deeds registry in favour of—

(a) any Asiatic, as long as that fixed property is held by him or by any other Asiatic who inherited it from an Asiatic; or,

(b) an Asiatic company while held by such company.

(4) No person shall hold any fixed property on behalf of or in the interest of an Asiatic or Asiatic company, and any person who purports or agrees to hold any fixed property on behalf of or in the interest of an Asiatic or Asiatic company shall be guilty of an offence: Provided that the provisions of this sub-section shall not apply in respect of any fixed property held immediately prior to the fifteenth day of May, 1930, by any person on behalf or in the interest of an Asiatic or any Asiatic company, while so held by such person.

(5) Any fixed property registered in any deeds registry in favour of any Asiatic or Asiatic company which such Asiatic or company is debarred from holding by virtue of the provisions of Law No. 3 of 1885 (Transvaal) or of this Act, shall become the property of the State and any person other than the registrar of deeds or registrar of mining titles or any of their subordinate officers, who is in any way instrumental in effecting any such registration, in favour of an Asiatic or in favour of a company which is, on the date of such registration, an Asiatic company, shall be guilty of an offence:

Provided that if any such Asiatic or company purports to transfer such property to a person who may lawfully hold it, the rights of the State under this sub-section in respect of such property, shall terminate on the expiration of one year after the registration of such transfer in a deeds registry.

(6) Any condition or provision inserted after the fifteenth day of May, 1930, in any document whatever purporting to empower any Asiatic or Asiatic company to exercise any influence upon the transfer of fixed property shall be void.

3. *Notification of registrar of companies.*—(1) Whenever any private company holds any fixed property, any share in or debenture of such company held by or pledged to—

(i) an Asiatic; or

(ii) an Asiatic company; or

(iii) any person on behalf or in the interest of an Asiatic or an Asiatic company, shall be forfeited to the State.

(2) It shall be the duty of the secretary and of every director of any company referred to in sub-section (1), which holds any fixed property, to notify the registrar of companies whenever any Asiatic or Asiatic company or any other person on behalf or in the interest of an Asiatic or Asiatic company holds any share in or debenture of such first-mentioned company.

(3) Any secretary and director who fails to comply with the requirements of sub-section (2) shall be guilty of an offence unless he proves that he was ignorant of the fact which it was his duty, in terms of sub-section (2), to convey to the registrar of companies and that he could not reasonably have ascertained that fact.

[Khan Bahadur Mian Sir Fazl-i-Husain.]

4. *Safeguarding of existing rights.*—The provisions of section *three* shall not affect any share in or debenture of any company which was, on the first day of May, 1930, held by an Asiatic and not transferred by him since that date or by any other Asiatic who inherited it from an Asiatic: Provided that such company did not after the said date acquire any fixed property.
5. *Action to give effect to forfeiture of shares.*—(1) The secretary of any company a share wherein or a debenture whereof has been forfeited to the State in terms of section *three* shall make such entries in any register, book or document under the control of such company and issue such documents as the registrar of companies may direct for the purpose of giving effect to such forfeiture.
- (2) Whenever any such secretary fails to comply with any direction given to him by the registrar of companies in terms of sub-section (1), such secretary shall be guilty of an offence.
6. *Onus of proof.*—Whenever it has been proved in any proceeding under this Act, whether civil or criminal, that an Asiatic holds any share in or debenture of any company or that any other person holds any such share or debenture on behalf or in the interest of an Asiatic, such company shall be deemed to be an Asiatic company, unless the contrary is proved.
7. *Certain foreign companies not to hold fixed property.*—(1) No foreign company (as defined in section *two hundred and twenty-nine* of the Companies Act, 1926 (Act No. 46 of 1926), shall acquire any fixed property or shall be capable of holding any fixed property acquired after the first day of May, 1930, unless it has a place of business in the Union and has complied with the requirements of section *two hundred and one* of the said Act.
- (2) No Asiatic may occupy any land (other than land situate in an area wherein an Asiatic may hold immovable property) if such land is held by any foreign company or by any company in which a foreign company holds a controlling interest or if any such company holds any real right in respect of such land other than a mortgage bond referred to in sub-section (1) of section *two* or if any such company holds in respect of such land a lease referred to in that sub-section, provided that the provisions of this sub-section shall not apply to any Asiatic who is the *bona fide* servant of any person in lawful occupation of such land. Any Asiatic contravening this sub-section shall be guilty of an offence.
8. *Company with bearer shares or debentures may not permit Asiatics to occupy its fixed property.*—If any company which has issued any shares or share warrants or debentures entitling the bearer thereof to any rights in regard thereto, holds any land (other than land situate in an area wherein an Asiatic may hold immovable property) or a real right in respect of such land other than a mortgage bond referred to in sub-section (1) of section *two* or holds in respect of such land a lease referred to in that sub-section no Asiatic shall occupy such land (except as a *bona fide* servant of any person in lawful occupation thereof) and if any Asiatic occupies any such land in contravention of this sub-section he shall be guilty of an offence and if such occupation was permitted or could have been prevented by such company, the secretary and every director thereof shall likewise be guilty of an offence.
9. *Proof of authority to trade before issue of certificate for licence.*—(1) Any authority entrusted by law with the issue of any certificate which any person desiring to take out a licence to carry on any business or trade in the province of the Transvaal is required to produce before such licence may lawfully be issued to him, shall, subject to the provisions of sub-section (3) of section *one*, not issue any such certificate to any person applying therefor unless such person proves that the proposed holder of such licence and the person who will be in actual control of the business or trade to be licensed, are not Asiatics, or if they are Asiatics, that they may lawfully carry on the business or trade for which a licence is desired on the premises whereon such business or trade is to be carried on.
- (2) Any person whatever may, within two months after the issue of any such certificates by any such authority, and any applicant for such a certificate whose application therefor has been refused, may, within two months after such refusal, appeal against the decision of such authority to the magistrate of the district wherein the business or trade in question is to be carried on and such magistrate may cancel such certificate and any licence issued on the

strength thereof or may issue such certificate in lieu of such authority. The decision of the magistrate on any such appeal shall be subject to an appeal to the Transvaal Provincial Division of the Supreme Court, as if it were a civil judgment of a magistrate's court.

10. *Penalties.*—Any person who commits an offence under or contravenes any provision of this Act shall, on conviction, be liable to a fine not exceeding fifty pounds or in default of payment of such fine, to imprisonment for a period not exceeding six months, or to such imprisonment without the option of a fine, or to both such fine and such imprisonment.

11. *Definitions.*—In this Act—

"Asiatic" means any Turk and any member of a race or tribe whose national home is Asia, but shall not include any member of the Jewish or the Syrian race or a male person belonging to the race or class known as the Cape Malays;

"Asiatic company" means any company wherein a controlling interest is held by an Asiatic;

"coloured person" has the meaning assigned to that expression in section *three* of Act No. 35 of 1908 (Transvaal);

"controlling interest" in relation to any company means a majority of the shares or shares representing more than half the share capital or shares of a value in excess of half the aggregate value of all the shares in such company or shares entitling the holders thereof to a majority or preponderance of votes, or debentures for an amount in excess of half the share capital of such company or the power to exercise any control whatsoever over the activities or assets of such company;

"deeds registry" include the mining titles office;

"licence" includes any renewal thereof.

8. *Amendment of section one of Act No. 12 of 1924.*—Section one of Act No. 12 of 1924 is hereby amended by—

(a) the insertion of the word "male" after the word "Malay";

(b) the deletion of the words "section *two*" and the substitution therefor of the words "any provision".

9. *Short title.*—This Act may be cited as the Transvaal Asiatic Tenure (Amendment) Act, 1930.

Extracts from the (Transvaal) Precious and Base Metals Act, 1908.

(Known as the Gold Law of 1908, Act No. 35 of 1908.)

130. *Prohibition against acquisition of rights under this Act by coloured persons.*—(1) Save as is provided in section twenty-four no right may be acquired under this Act by a coloured person; and the holder of a right acquired under Law No. 15 of 1898 or a prior law or under this Act shall not transfer, or sub-let, or permit to be transferred or sub-let, any portion of such right to a coloured person, nor permit any coloured person (other than his *bona fide* servant) to reside on or occupy ground held under such right.

(2) Any person contravening this section shall be guilty of an offence, and liable on conviction to a fine not exceeding fifty pounds, and in the case of a continuing contravention to a fine not exceeding five pounds for every day during which such contravention is continued.

131. *Restriction on residence of coloured persons on proclaimed land in districts of Class A.*—(1) No coloured person shall be permitted to reside on proclaimed land in districts comprised in Class A, except in bazaars, locations, mining compounds and such other places as the Mining Commissioner may permit.

(2) Any coloured person contravening this section shall be liable on conviction to imprisonment for a period not exceeding one month, and upon such conviction the Mining Commissioner may cause any structures occupied by or erected for the use of such coloured person to be removed.

[Khan Bahadur Mian Sir Fazl-i-Husain.]

(3) Nothing in this section shall apply to coloured persons in the employ of a white person in so far as they live on the premises where they are so employed nor to coloured persons who at the commencement of this Act were lawfully in occupation of premises.

* * * * *

The (Union of South Africa) Asiatics (Land and Trading) Amendment (Transvaal) Act, 1919.

Act No. 37 of 1919. Date of commencement—3rd July, 1919.

To make further provision with reference to the prohibition of ownership of land by Asiatics, and with reference to the restrictions as to the occupation of land and trading by them

(Assented to—21st June, 1919.)

(Signed by the Governor-General in English.)

BE IT ENACTED by the King's Most Excellency Majesty, the Senate and the House of Assembly of the Union of South Africa, as follows:—

1. Those provisions of sections *one hundred and thirty and one hundred and thirty-one*

Certain prohibitions as to occupation of ground on Witwatersrand gold-fields not to apply to certain British Indians, etc. of Act No. 35 of 1908 (Transvaal) which relate to the residence on or occupation of ground held under a stand licence on proclaimed land by coloured persons and any provisions similar thereto contained in the conditions of any deed of grant or freehold title in a Government

Township (as defined in Act No. 34 of 1908, Transvaal) issued under the last-mentioned Act shall not apply—

(a) to any British Indian who on the first day of May, 1919, was, under the authority of a trading licence lawfully issued, carrying on business on proclaimed ground or on any stand or lot in such township, or to the lawful successor in title of any such Indian in respect of such business; or

(b) to any person *bona fide* in the employment of such a British Indian or his successor in title,

so long as such British Indian or successor in title continues so to carry on business on the same ground or stand or lot on which or on any other ground or stand or lot in the same township in which it was being carried on on the first day of May, 1919:

Provided that nothing in this section shall be construed as abrogating any exceptions contained in the said sections *one hundred and thirty and one hundred and thirty-one* or in the conditions aforesaid.

2. Those provisions of Law No. 3 of 1885 (Transvaal), and any amendments thereof

Certain prohibitions and restrictions of Law No. 3 of 1885 (Transvaal) to apply to companies controlled by Asiatics.

heretofore enacted which prohibit a person belonging to any of the native races of Asia from being an owner of fixed property in the Transvaal subject to certain exceptions specified in such amendments shall, subject to the same exceptions, be construed also as prohibiting any registration of a mortgage over fixed property in favour of a person belonging to any of the native races of Asia, otherwise than as security for a *bona fide* loan or investment in the ordinary course of business and also prohibiting the ownership of fixed property in the Transvaal by any company or other corporate body in which one or more persons belonging to any of those races have a controlling interest and the registration of such a mortgage in favour of such a company or corporate body otherwise than as security as aforesaid:

The provisions of this section shall apply as from the first day of May, 1919, provided that in respect of any fixed property acquired by any such company or corporate body before the first day of May, 1919, the aforesaid provisions of Law No. 3 of 1885 (Transvaal) shall be construed as if this Act had not been passed. Any such company or other corporate body which may have acquired the ownership of fixed property since the first day of May, 1919, shall dispose thereof within a period of two years from the commencement of this Act, or within such further period as any superior court having jurisdiction where the property is situate on application may allow, and on the failure of such company or other corporate body so to dispose of such property then and in that case such property shall on the petition of any member of the public be sold by order of such a court.

3. This Act may be cited for all purposes as the Asiatics (Lands and Trading) Amendment Act (Transvaal), 1919.

Short title.

CAPE TOWN AGREEMENT, 1927.

1. It was announced in April 1926 that the Government of India and the Government of the Union of South Africa had agreed to hold a Round Table Conference to explore all possible methods of settling the Indian question in the Union in a manner which would safeguard the maintenance of western standards of life in South Africa by just and legitimate means. The Conference assembled at Cape Town on December 17th and its session terminated on January 12th. There was, in these meetings, a full and frank exchange of views which has resulted in a truer appreciation of mutual difficulties and a united understanding to co-operate in the solution of a common problem in a spirit of friendliness and good-will.

Both Governments re-affirm their recognition of the right of South Africa to use all just and legitimate means for the maintenance of western standards of life.

2. The Union Government recognises that Indians domiciled in the Union who are prepared to conform to western standards of life, should be enabled to do so.

3. For those Indians in the Union who may desire to avail themselves of it, the Union Government will organise a scheme of assisted emigration to India or other countries where western standards are not required. Union domicile will be lost after 3 years' continuous absence from the Union, in agreement with the proposed revision of the law relating to domicile which will be of general application. Emigrants under the assisted emigration scheme who desire to return to the Union within the 3 years will only be allowed to do so on refund to the Union Government of the cost of the assistance received by them.

4. The Government of India recognise their obligation to look after such emigrants on their arrival in India.

5. The admission into the Union of the wives and minor children of Indians permanently domiciled in the Union will be regulated by paragraph 3 of Resolution XXI of the Imperial Conference of 1918.

6. In the expectation that the difficulties with which the Union has been confronted will be materially lessened by the agreement now happily reached between the two Governments, and in order that the agreement may come into operation under the most favourable auspices and have a fair trial, the Government of the Union of South Africa have decided not to proceed further with the Areas Reservation and Immigration and Registration (Further Provision) Bill.

7. The two Governments have agreed to watch the working of the agreement now reached and to exchange views from time to time as to any changes that experience may suggest.

8. The Government of the Union of South Africa have requested the Government of India to appoint an agent in order to secure continuous and effective co-operation between the two Governments.

Annexure containing summary of the conclusions reached by the Round Table Conference on the Indian question in South Africa, 1927.

I. *Scheme of assisted emigration.*—(1) Any Indian of 16 years or over may avail himself of the scheme. In case of a family, the decision of the father will bind the wife and minor children under 16 years.

(2) Each person of 16 years of age or over will receive a bonus of £20 and each child under that age a sum of £10. No maximum shall be fixed for a family. A decrepit adult who is unable to earn his living by reason of a physical disability may, at the discretion of the Union authorities, receive a pension in lieu of or in addition to the bonus. The pension will be paid through some convenient official agency in India out of a fund provided by the Union Government to such amount as they may determine. It is expected that the amount required will not exceed £500 per annum in all.

In every case the bonus will be payable in India on arrival at destination or afterwards, through some banking institution of repute.

(3) Free passage, including railway fares to port of embarkation in South Africa and from port of landing in India to destination inland, will also be provided.

(4) Emigrants will travel to India *via* Bombay as well as *via* Madras. Emigrants landing at Bombay will be sent direct from the ship to their destination at the expense of the Union Government.

Survey and certification of ships shall be strictly supervised and conditions on the voyage, especially in respect of sanitary arrangements, feeding and medical attendance, improved.

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[Khan Bahadur Mian Sir Fazl-i-Husain.]

(5) Before a batch of emigrants leaves the Union, information will be sent to some designated authority in India at least one month in advance giving (a) a list of intending emigrants and their families, (b) their occupation in South Africa and the occupation or employment which they would require in India, and (c) the amount of cash and other resources which each possesses. On arrival in India emigrants will be (i) advised, and so far as possible, protected against squandering their cash or losing it to adventurers, and (ii) helped, as far as possible, to settle in occupations for which they are best suited by their aptitude or their resources. Any emigrant wishing to participate in emigration schemes authorised by the Government of India will be given the same facilities in India as Indian nationals.

(6) An assisted emigrant wishing to return to the Union will be allowed to do so within three years from the date of departure from South Africa. As condition precedent to re-entry, an emigrant shall refund in full to some recognized authority in India the bonus and cost of passage including railway fares received on his own behalf and if he has a family, on behalf of his family. A *pro rata* reduction will, however, be made (i) in respect of a member of the family who dies in the *interim* or a daughter who marries in India and does not return, and (ii) in other cases of unforeseen hardship, at the discretion of the Minister.

(7) After expiry of three years Union domicile will be lost in agreement with the proposed revision of the law relating to domicile which will be of general application. The period of three years will run from the date of departure from a port in the Union and expire on the last day of the third year. But to prevent the abuse of the bonus and free passage by persons who wish to pay temporary visits to India or elsewhere no person availing himself of the benefits of the scheme will be allowed to come back to the Union within less than one year from the date of his departure. For purposes of re-entry within the time limit of three years, the unity of the family group shall be recognised though in cases of unforeseen hardship the Minister of the Interior may allow one or more members of the family to stay behind. A son who goes with the family as a minor, attains majority outside the Union, marries there and has issue will be allowed, to return to South Africa, but only if he comes with the rest of his father's family. In such cases he will be allowed to bring his wife and child or children with him. But a daughter who marries outside the Union will acquire the domicile of her husband and will not be admitted into the Union unless her husband is himself domiciled in the Union.

II. *Entry of wives and minor children.*—To give effect to paragraph 3 of the Reciprocity Resolution of the Imperial Conference of 1918 which intended that an Indian should be enabled to live a happy family life in the country in which he is domiciled, the entry of wives and children shall be governed by the following principles:—

- (a) The Government of India should certify that each individual for whom a right of entry is claimed, is the lawful wife or child, as the case may be, of the person who makes the claim.
- (b) Minor children should not be permitted to enter the Union unless accompanied by the mother, if alive, provided that
 - (i) the mother is not already resident in the Union, and
 - (ii) the Minister may, in special cases, permit the entry of such children unaccompanied by their mother.
- (c) In the event of divorce no other wife should be permitted to enter the Union unless proof of such divorce to the satisfaction of the Minister has been submitted.
- (d) The definition of wife and child as given in the Indians Relief Act (No. 22 of 1914) shall remain in force.

III. *Upliftment of Indian community.*—(1) The Union Government firmly believe in and adhere to the principle that it is the duty of every civilised Government to devise ways and means and to take all possible steps for the uplifting of every section of their permanent population to the full extent of their capacity and opportunities, and accept the view that in the provision of educational and other facilities the considerable number of Indians who remain part of the permanent population should not be allowed to lag behind other sections of the people.

(2) It is difficult for the Union Government to take action, which is considerably in advance of public opinion, or to ignore difficulties arising out of the constitutional system of the Union under which the functions of Government are distributed between the Central

Executive and the Provincial and minor local authorities. But the Union Government are willing:—

- (a) in view of the admittedly grave situation in respect of Indian education in Natal, to advise the provincial administration to appoint a provincial commission of inquiry and to obtain the assistance of an educational expert from the Government of India for the purpose of such inquiry;
- (b) to consider sympathetically the question of improving facilities for higher education by providing suitable hostel accommodation at the South African Native College at Fort Hare and otherwise improving the attractiveness of the institution for Indians;
- (c) to take special steps under the Public Health Act for an investigation into sanitary and housing conditions in and around Durban which will include the question of
 - (i) the appointment of advisory committees of representative Indians; and
 - (ii) the limitation of the sale of municipal land subject to restrictive conditions.

(3) The principle underlying the Industrial Conciliation Act (No. 11 of 1924) and the Wages Act (No. 27 of 1925) which enables all employees including Indians to take their places on the basis of equal pay for equal work will be adhered to.

(4) When the time for the revision of the existing trade licensing laws arrives, the Union Government will give all due consideration to the suggestions made by the Government of India Delegation that the discretionary powers of local authorities might reasonably be limited in the following ways:—

- (1) The grounds on which a licence may be refused should be laid down by statute.
- (2) The reasons for which a licence is refused should be recorded.
- (3) There should be a right of appeal in cases of first applications and transfers, as well as in cases of renewals, to the courts or to some other impartial tribunal.

IV. *Appointment of Agent.*—If the Government of the Union of South Africa make representations to the Government of India to appoint an agent in the Union in order to secure continuous and effective co-operation between the two Governments the Government of India will be willing to consider such a request.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Sir, in view of the very important statement that has just been made by the Honourable Member who led the Delegation to South Africa, will the Government consider the desirability of allotting a special day for discussing this question? If the answer be in the affirmative, when?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I congratulate the Honourable Sir Fazl-i-Husain on whatever success that he has achieved in his labours and as this is a very important subject I request that a separate day be allotted for its discussion in the Simla session. By that time we shall be in a position to know public opinion in India as well as Indian opinion in South Africa.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): I also join the previous speakers and endorse their views and request Government to allot a separate day for discussing this question.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: I fully appreciate, Sir, the desire of Honourable Members to discuss the statement after they have thoroughly studied it. If this desire exists during the Simla session, Government will be very glad to allot a day for the discussion of the Statement.

BENGAL CRIMINAL LAW AMENDMENT (SUPPLEMENTARY) BILL—
continued.

THE HONOURABLE THE PRESIDENT: The Council will resume consideration of the Bill to supplement the Bengal Criminal Law Amendment Act, 1930, as passed by the Legislative Assembly. The question before the House at the moment is that clause 4 stand part of the Bill. The House has disposed of one amendment to that clause. There is a second amendment which is No. 4 on the Amendment List standing in the name of the Honourable Mr. Ghosh Maulik.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal: Non-Muhammadan): Sir, the amendment which stands in my name runs thus:

"That the following Proviso be added to clause 4, namely:

"Provided that nothing in this section shall bar an application on the ground that the arrest or detention is not in accordance with the procedure laid down in the local Act or the local Act as supplemented by this Act, but the merits or grounds of such arrest or detention shall not be called in question on such application."

Sir, in my opening speech I have already explained the object of this amendment. I wish to make it clear that I do not ask for anything more than that when the procedure prescribed in the Act is not followed the High Court will be entitled to interfere. I can quite understand that an objection may be raised to produce before the court the evidence on the strength of which action may have been taken against a subject. If clause (a) or clause (b) of section 491 (1) was interfered with that might have been the result. I am not suggesting that but I am suggesting that the procedure laid down should be followed. For instance, that the arrest must be by an officer who is properly authorised, that after the arrest a report is made to the Local Government in time, that the order of detention is also passed in time, that thereafter the papers are laid before two judges and so on. There should be no question, if my amendment is accepted, of Government being forced to disclose any secret sources of information or otherwise incurring any risk such as may render the powers ineffective. I know, Sir, what fate awaits my amendment and I am fully alive to it. I am proud to be in the minority of one still fairness demands that I shall press the amendment before the House. Sir, I move.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, I oppose this amendment mainly on the ground that it is unnecessary. The section which is sought to be amended says expressly that the powers conferred by section 491 shall not be exercised in respect of any person arrested or committed to or detained in custody under the local Act or the local Act as supplemented by this Act. Now, the House will recognise that when the arrest or commitment or detention is to be under the Act then the procedure prescribed by the Act must be followed, otherwise the arrest or commitment or detention would not be under the Act. It goes without saying. It is obvious. That being so, what is the use of elaboration in the way the amendment suggests?

(330)

The amendment says:

"Provided that nothing in this section shall bar an application on the ground that the arrest or detention is not in accordance with the procedure laid down in the local Act".

What is the difference between the expression "under" and the expression "in accordance with"? It is only paraphrasing the section. It is one of the cardinal rules of drafting that you are not to use any unnecessary words and far less a paraphrase of the main section. The amendment is a mere paraphrase and I oppose it.

THE HONOURABLE THE PRESIDENT: The original question was:

"That clause 4 stand part of the Bill."

Since which an amendment has been moved:

"That the following Proviso be added to clause 4, namely:

"Provided that nothing in this section shall bar an application on the ground that the arrest or detention is not in accordance with the procedure laid down in the local Act or the local Act as supplemented by this Act, but the merits or grounds of such arrest or detention shall not be called in question on such application."

The question I have to put is that that amendment be made.

The motion was negatived.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK: Sir, I rise to oppose the retention of clause 4. Originally I had no intention to do so and with that object in view suggested some minor amendments which should have been acceptable to the Government. But, Sir, I find the Government have taken a firm attitude with regard to them. Assurances have been given both in this House and elsewhere but when it came to actually incorporating them in the Act itself the Government take up an attitude of stubbornness. This unreasonable attitude of Government leads us to the conclusion and raises in our minds an apprehension, and a reasonable one too, that the Government are not sincere in their promise. A most reasonable suspicion is gaining ground in the minds of the public that Government will not stand by their assurances and will at the earliest possible opportunity back out of it. If the Government meant to do what they assure us they will, then I am sure these amendments would have been accepted. I find that I shall be justified in doubting the sincerity of the Government and am therefore driven to the conclusion that we must be whole-hoggers in our demands. Neither the assurances from the Home Member nor the brilliant advocacy of the Law Member will be able to disabuse the public mind of the impression of insincerity of the Government in this matter. We have asked the Government, entreated them and begged of them to include the assurances solemnly given by them in the Act itself, but alas, Sir, with what result? I am therefore convinced that the drastic power which this clause seeks to give to the executive should not be given. It is a most atrocious piece of legislation and I strongly protest against the inclusion of this particular clause in the Bill.

THE HONOURABLE THE PRESIDENT (to the Honourable Sir David Devadoss who rose in his seat): The Honourable Member has no right of reply. As I explained to him yesterday he has made one speech and he cannot make another. If he wished to speak further on this clause he might have taken the opportunity of speaking on each of the amendments.

[The President.]

The question is :

"That clause 4 stand part of the Bill."

The Council divided :

AYES—19.

Brayne, The Honourable Mr. A. F. L.
Charanjit Singh, The Honourable Sardar.
Chimman Lal, The Honourable Rai Bahadur Lala.

Drake, The Honourable Mr. J. C. B.
Emerson, The Honourable Mr. H. W.
Ghosal, The Honourable Mr. Jyotsnath.
Graham, The Honourable Major-General J. D.

Hallin, The Honourable Khan Bahadur Hatiz Muhammad.

Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.

Johanson, The Honourable Mr. J. N. G.

Mehr Shab, The Honourable Nawab Sahibzada Sir Sayad Muhammad.

Mitchell, The Honourable Mr. D. G.

Mitter, The Honourable Sir Brojendra.

Muhammad Hussain, The Honourable Mian Ali Baksh.

Noon, The Honourable Nawab Malik Muhammad Hayat Khan.

Padshah Sahib Bahadur, The Honourable Saiyid Mohamed.

Shillidy, The Honourable Mr. J. A.

Suhrawardy, The Honourable Mr. Mahmood.

Tottenham, The Honourable Mr. G. R. F.

NOES—9.

Banerjee, The Honourable Mr. Jagadish Chandra.

Devadoss, The Honourable Sir David.

Dudhuria, The Honourable Raja Bijoy Sing.

Ghosh Maulik, The Honourable Mr. Satyendra Chandra.

Hussain Imam, The Honourable Mr. Abu Abdullah Syed.

Jagdish Prasad, The Honourable Rai Bahadur Lala.

Nataani, The Honourable Mr. G. A.

Ram Saran Das, The Honourable Rai Bahadur Lala.

Sinha, The Honourable Kumar Nripendra Narayan.

The motion was adopted.

Clause 4 was added to the Bill.

Clause 5 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. H. W. EMERSON (Home Secretary): Sir, I beg to move that the Bill, as passed by the Legislative Assembly, be passed.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians): Sir, I wish to make a few observations on the amendment I moved. Though I have full sympathy with the Bill and though I made it quite clear that such a measure was very necessary at the present moment, yet the Honourable the Law Member, clever advocate as he is, I think side-tracked the issue by making it appear that this being an exceptional measure is enacted under exceptional circumstances and therefore my amendment ought not to be supported. I voiced exactly that sentiment when I said that at the present moment "one shudders to think what would become of the country if these things are allowed to go on" and therefore I supported the measure. The only point that I wished to make was that there ought to be a safety valve against any wrong arrest or wrong detention. I will make this one point at present. Supposing there is evidence against A that he is concerned in a very deep conspiracy which is likely to do very great harm to the people and to the country. Suppose that instead of A, B is arrested by mistake. Where is the remedy for him? No doubt, two judges will go into the question to see

whether there is evidence or not. But do those judges give notice to the person accused to show cause why he should not be put in custody or interned? So far as I am aware, he is not given any such notice. Therefore, the man B, who is arrested instead of A, has no chance of showing that though all the evidence is true so far as A is concerned, yet owing to a mistake of somebody, he is arrested. Then, as regards clause 4, the Honourable the Law Member said that if any act is done under the Act, the High Court cannot interfere; if it is not under the Act, then it is unnecessary. Sir, this reminds me of the story told of Khalif Omar who when the Alexandrian Library was taken by his General said :

"If any book contains anything which is not in the Koran, then you must destroy it; if it contains anything which is in the Koran, then it is superfluous and therefore destroy it".

That is the argument, Sir, that the Honourable and learned Law Member addressed to the House. My point is that in exceptional cases the High Court may be allowed to go into the question, not as regards the evidence, not as regards the merits of the case, but as regards only the legality of the detention and to see whether the forms of law have been complied with. That is exactly what section 491 says and that exactly is what I want the High Courts to do. That being so, that power would not only help the Government in rectifying mistakes but it would also enable people to realise that they have got a remedy which they could always resort to. It is only in very exceptional cases that the High Court will interfere. It is only for exceptional cases that you should give the power to the High Court. You may trust the High Court to do its duty properly.

Sir, though I have lost my motion with regard to the deletion of clause 4, I am whole-heartedly in sympathy with the object of the Bill and therefore I must vote for the whole Bill.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (Bihar and Orissa : Muhammadan): Sir, I rise to oppose the third reading of this Bill. In doing so, I wish to inform the Treasury Benches that I am actuated by my love for the English constitution. When the Englishmen came to India, we were in great darkness. The English system of law came as a breath of fresh air in India. We hailed the Englishmen as deliverers; but times have changed. Now the Englishmen are trying to copy the methods of the oriental potentates and the methods that were followed by the Bourbons and Romanoffs. They have not only forgotten the glorious traditions of their own country, but they have also forgotten the things they did shortly after the War in Ireland. The position in Ireland was, if anything, worse than that of India, and England tried all the methods of the mailed fist and the iron heel, and still failed. But when they applied the healing balm of giving to the people of Ireland a due share in the government of their country, they not only succeeded marvellously well, but they also succeeded in breaking the backbone of the Sinn Fein Association, and the Commander-in-Chief of the rebel army became the ardent supporter of the British connection. As long as this system of rule by Ordinances and laws which are no laws in themselves is being continued, it can only serve the purpose of a palliative. It can never eradicate the virus that has been inculcated in India. The primary reason why you have terrorism in India is not antagonism to the British connection. It is simply a question of pounds, shillings and pence. You have given education to a tremendous lot of people who can find no employment, who have got no means of livelihood, and it is they who supply the raw material out of which these terrorists are made. As education is more advanced in Bengal than in any other part of India and there is dearth of employment, it is there

[Mr. Abu Abdullah Syed Hussain Imam.]

that we find the greatest number of terrorists. Bengal is not in any way the solitary example. We have these things in the Punjab as well. The case of Bhagat Singh and the Meerut trial have shown, and shown sufficiently well, how widespread this terrorist movement is. I quite admit, Sir, that these high-handed laws might succeed for a time in stopping the active propagation of terrorism, but its under-currents will continue. These terrorists require more of reformatory methods to treat them, than methods which are meted out to hardened criminals who are guilty of moral turpitude. The only thing that I wish to bring forward to the notice of the House and to the Treasury Benches is that we tried this remedy for five years, and, as has been pointed out by the Honourable Mr. Emerson, it had no permanent curative effect, except the immediate palliation. It did not serve the purpose of curing India of terrorism. If you want to apply a curative treatment and rid India of this terrorism, the only method is to come with a liberal supply of reforms in the provinces and in the centre and that will cure India finally of all ills. Sir, I oppose the Bill.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Sir, a few minutes more and this Bill will pass through this House as it has passed through the democratic Assembly; and I am sure in a few days it will become an Act. I venture to make a few observations in a vein quite different from that of the last speaker. In my opinion a great Government must demonstrate its political wisdom by the magnanimity with which it uses these somewhat extraordinary powers it has obtained at the hands of the Central Legislature. It is a tragedy, a tragedy beyond description that Bengal, once the home of the great pioneers of social reform and of education, the home still of great scientists, artists, poets and others who have obtained world-wide reputation, should at the same time be the field for nurturing terrorists. It is really a tragedy and it is time that something is done to probe into this mystery, for I believe, apart from the political aspirations which have not been given legitimate scope at the hands of Government, there lies the deep, the significant fact of the economic trouble that has been facing not only India, but Bengal in particular. I do hope, as they did in Ireland, a great step will be taken to raise a large loan, if necessary, and thereby create new industrial and commercial enterprises which might find useful occupation for some of these intelligent, earnest but utterly misguided youths; and may I hope that with the advent of the new Governor of Bengal who, I am told, has had great experience in Ireland, the Government of India will give him all possible support to enable him to make a new start? Cannot something be done to strike the imagination of the people of Bengal and make them believe that Government, while it is anxious to put down terrorism, is, at the same time, equally anxious to satisfy the legitimate aspirations of the people, and above all put itself to the trouble of giving relief to those who are suffering from unemployment?

THE HONOURABLE SIR BROJENDRA MITTER: Sir, I do not want to take up the time of the House except for answering a question which was very legitimately put by the Honourable Sir David Devadoss. Sir, while appreciating the spirit in which he put the question, I wish to draw his attention to section 9 of the Bengal Act which provides some safeguard against errors in the matter of arrest or detention. Section 9 of the Bengal Act provides that the two judges who are to scrutinise the facts placed before them will have a statement of the allegations against the person in respect of whom an order of detention or arrest is made and that person will be given a chance of answering those allegations. I admit that that is not as satisfactory as an

open trial where allegations are tested by cross-examination. But as I pointed out yesterday in the peculiar circumstances of the case an open trial is not desirable in the interests of the community at large. I only wish to say that it is not correct to say that the detenu gets no chance to answer allegations against him. Section 9 expressly provides for a copy of the allegations to be given to him and he is given an opportunity to answer them.

THE HONOURABLE MR. H. W. EMERSON: Sir, there are one or two points that have been raised by Honourable Members in the final stage of the debate to which I should like to reply. In the first place, I would like to thank Honourable Members of this House for the support that they have given to a measure, the principles of which are repugnant to them. The fact that they have given support to it shows that they appreciate the entirely abnormal conditions that now prevail in Bengal and that they accept the duty and responsibility of giving to the Local Government their support in these abnormal times. Next, I would like to reply to some remarks made by the Honourable Mr. Ghosh Maulik when he suggested that assurances given by Government will be overlooked, and in effect, that they are merely given for the purpose of getting this Bill through the House and then are deliberately ignored. There is, Sir, no foundation whatsoever for a suggestion of that kind. The specific assurance given in regard to this Bill has been this, that in regard to the treatment of persons who are transferred from Bengal to other provinces no effort will be spared to make, so far as is possible, the conditions of treatment the same as they are in Bengal. That assurance has been given in absolutely explicit terms and it will be honoured. The Honourable Mr. Hussain Imam raised a general question of great importance that has implications going beyond this particular Bill and which relate to the general policy of Government. He quite rightly pointed out that measures of this kind, whether they take the form of the Bengal Criminal Law Amendment Act or the form of Ordinances, are not by themselves remedies for the ills from which India is suffering. With that proposition the Government are in complete agreement. From the Honourable Member's remarks, however, a person who is ignorant of the recent and the present history of India would not, I think, have drawn an accurate impression of what the policy of the Government of India is at the present time. There are two sides to that policy. The first side one may call the preventive side. Some people call it the repressive side: I think "preventive" is the better word. That side is represented by Bills of the character before the House and by measures such as Ordinances and so on. There is the other side, the constructive and progressive side. And that is the side to which Government attach infinitely more importance than to the preventive attitude. The constitutional side is the one to which at the present time much more prominence is being given by Government than to the preventive side. Can anyone doubt, Sir, that every effort is now being made to press forward with constitutional reforms that will be acceptable to the people of India and which one may hope will go a very long way in meeting the evils with which we have now to deal? The Honourable Mr. Natesan referred to the economic conditions in Bengal as being, at any rate, partly responsible for the terrorist movement. I think it is generally recognised that, if economic conditions were not so unfavourable, the revolutionary movement would not obtain recruits so easily as it is now able to do. It is also recognised by the Government of India and the Government of Bengal that measures of detention are not in themselves a complete remedy for the revolutionary movement. They regard such measures merely as one means of dealing with it—a very important means because it is the most powerful weapon by which they can come to direct grips with the persons who engage in these outrageous activities. But Government realise

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[Mr. H. W. Emerson.]

equally that these measures must be supplemented and accompanied by other measures—by the creation of public opinion, by the institution of beneficent activities, by reformatory influences and by alienating the sympathy of those persons who are now sympathetic with the movement and give assistance and encouragement to it. It is almost unnecessary to say that the Government of India will give to the Government of Bengal and to the heart of the province who has just taken over charge at a difficult and critical time every measure of support not only on the preventive side but equally, and with much greater pleasure, on the constructive and progressive side.

Sir, with these few words I ask that the Bill be passed. One may express a hope that the Bill will in practice be even of shorter duration than the period for which provision is made, that other influences will come into operation and that this Bill will cease to have effect, not because powers are surrendered while the necessity remains for their use, but because there is no further necessity of giving effect to them. (Applause.)

THE HONOURABLE THE PRESIDENT: The question is :

“That the Bill to supplement the Bengal Criminal Law Amendment Act, 1930, as passed by the Legislative Assembly, be passed.”

The motion was adopted.

THE HONOURABLE SIR BROJENDRA MITTER (Leader of the House): The Council, Sir, has still to dispose of four Bills, namely, the Foreign Relations Bill and the Sugar Industry Bill, which were laid on the table yesterday, and the Indian Air Force Bill and the Indian Tariff (Wireless Broadcasting) Amendment Bill, which were laid on the table to-day. I ask your direction as to the date or dates on which these Bills should be proceeded with. When these Bills have been disposed of, the business of the session will have been concluded.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I beg to suggest that these Bills being practically non-controversial be taken into consideration to-morrow if possible, and that you, Sir, use your power to allow that being done.

THE HONOURABLE SIR DAVID DEVADOSS: I join in the request that the Bills should be taken up to-morrow.

THE HONOURABLE THE PRESIDENT: I am glad that the House has given me some assistance in this matter. As Honourable Members are aware, in arranging the programme for the rest of the session my one desire is to suit the convenience of the majority of Honourable Members. Assuming that the Honourable Member who first spoke was speaking for his party and assuming also that the Government are indifferent in the matter as to when the Bills should be taken up, I think I may say that the majority of the House will be glad if the Bills are taken up at the earliest possible moment. I, therefore, on the assumption that notice is given to-day in all cases for the consideration of the four Bills, if it has not already been given, and that amendments will have to be admitted at short notice by the Members of the Government in charge of these Bills, direct that they be put on the paper for to-morrow morning.

The Council then adjourned till Eleven of the Clock on Wednesday, the 6th April, 1932.

COUNCIL OF STATE.

Wednesday, 6th April, 1932.

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

MEMBER SWORN :

The Honourable Sir Evelyn Berkeley Howell, K.C.I.E., C.S.I. (Foreign Secretary).

MESSAGES FROM THE LEGISLATIVE ASSEMBLY.

SECRETARY OF THE COUNCIL: Sir, two messages have been received from the Secretary of the Legislative Assembly.

First message :

“I am directed to inform you that the Legislative Assembly has, at its meeting held on the 5th April, 1932, agreed without any amendment to the Bill further to amend the Code of Civil Procedure, 1908, for a certain purpose, which was passed by the Council of State at its meeting held on the 29th February, 1932.”

Second message :

“I am directed to inform you that, in accordance with rule 36 of the Indian Legislative Rules, the amendments made by the Council of State in the Bill to define and amend the law relating to partnership were taken into consideration by the Legislative Assembly at its meeting held on the 5th April, 1932, and that the Assembly has agreed to the amendments.”

FOREIGN RELATIONS BILL.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, I beg to move :

“That the Bill to provide against the publication of statements likely to prejudice the maintenance of friendly relations between His Majesty's Government and the Governments of certain foreign States, as passed by the Legislative Assembly, be taken into consideration.”

Sir, this is a simple measure designed to fill a lacuna which exists in our criminal law. Defamation is an offence under Chapter XXI of the Indian Penal Code. Section 198 of the Criminal Procedure Code provides that no court shall take cognizance of an offence falling under Chapter XXI of the Penal Code except upon a complaint made by some person aggrieved by such offence. Ordinarily there is no difficulty when the person defamed is in India.

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He can lodge his complaint. The difficulty arises when the person defamed is a neighbouring foreign Sovereign or a member of his family or his minister. Sir, enormous mischief is caused by such defamation as it tends to disturb peaceful relations between India and such neighbouring State. The Ruler of such a State cannot be expected to come to India to lodge a complaint. Under the present law no one else can. In England, in such cases, the Government initiates the prosecution. The present Bill is designed to bring our law into line with the English law and it confers power on the Governor General in Council to initiate proceedings. That is the main provision of the Bill; the rest of the Bill is merely consequential. Sir, the Bill has been sufficiently explained in the Statement of Objects and Reasons. I move.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, from a perusal of the Statement of Objects and Reasons of this Bill one may off-hand form the opinion that it is a very simple and innocent measure but all that glitters is not gold. The main principle of the Bill, so far as I can understand, Sir, is to further curtail the already curtailed liberty of the Indian press and as such I cannot support the provisions of the Bill. Sir, India's relations with foreign States are now cordial and there is not even a remote chance of those relations being strained. Then what and where was the necessity for bringing forward such a measure that seems to be onerous to the press? Really, the Indian press has fallen on evil times and if this Bill is passed it will be like the "Sword of Damocles" and the press will remain in a position of constant peril at the orders of the executive. The definition of defamation or libel is a very elastic one in this country and the Bill when it becomes law may even interfere with the honest criticisms of a journalist or an author against the Ruler of a State who may have bungled, mismanaged and made a mess of things in his State which may call for impassioned and animated criticism from the point of view of the larger interests of humanity and the world. Be that as it may, Sir, the Bill, as it has emerged from the other House, will have an easy passage and smooth sailing here, however loud we few may raise our voice against it. But I would appeal to Government to apply this law with great caution because the position of the press is at stake.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to support the Bill. My Honourable friend Mr. Banerjee is not perhaps aware that certain vernacular papers in my province, the Punjab, have written defamatory and exciting passages in their issues. In case my friend had known that fact perhaps he would not have criticised this measure. I welcome the measure and I hope that as all treaties are to be honoured and respected, this Bill will have our unanimous support.

THE HONOURABLE SIR EVELYN HOWELL (Foreign Secretary): Sir, my Honourable friend the Law Member has clearly explained the legal aspects of this Bill, but there are perhaps one or two other points on which the House is entitled to expect information and about which I am perhaps in a position to give the information that it requires. In the first place, the House will have noticed that the Bill sets out to provide against the publication of statements likely to promote unfriendly relations between His Majesty's Government and the Governments of foreign States. Foreign Relations are an appanage of the Crown, Sir, I understand, and therefore, technically speaking, no matter to what extent those foreign relations in this country may be guided

by the views of or conducted through a high official like the Governor General or the Governor General in Council, they are technically still the foreign relations of His Majesty's Government. That is why the Bill, in the Preamble and elsewhere, is worded as it is. Secondly, those relations are not with Indian States but with foreign States, a point about which there was a good deal of misapprehension in another place. A foreign State is one thing and an Indian State is another and this measure has nothing whatever to do with any statements which may be published about the Rulers of Indian States. In its initial form the Bill set out to give a certain measure of protection to all foreign Rulers, but the scope of the Bill was very largely reduced in the Lower House by confining its operation to those countries which actually touch India's land frontiers, Aden for the purposes of this Bill not being regarded as part of India. The countries which do actually so touch are Persia, Afghanistan, China, Nepal, Tibet, Siam and, if Bhutan is a foreign country, Bhutan also. Not all of these States are in a very advanced political condition and publications about the Rulers of these States or about the people in very close personal contact with the Rulers may have the most disturbing consequences. They may even lead to bloodshed and war, and it is in order to minimise that danger that this Bill has been put forward. A measure different indeed in shape, but for the same object, was considered in 1928, but was dropped in the Lower House in view of expected opposition. Had that measure then come into force, it would have extended protection to a different Ruler in one at least of the adjoining countries, who in the meantime has been succeeded by a rival. It is therefore quite clear that the Government of India did not particularly want to benefit this particular rival, because they started out to protect one of the two and finished up by protecting the other. The Bill, being reduced as it is in scope, does not apply to the Hejaz or to Iraq or to Palestine, and no Moslem need have any apprehensions that it will ever prevent him from expressing any opinion which he may desire to express about any of those countries or their Rulers. Nor is the Bill intended to stifle reasonable criticism or the utterance of opinions expressed in the course of religious controversy. It is only meant to repress mean and scurrilous attacks on the heads of adjacent States and persons closely connected with them. The particular danger arising from attacks of this nature is probably much greater in India than it is in England; and although we set out to model our law on the English law, it must be admitted that, with one exception in 1905, the English law has not been set in motion for a considerable time. Whether the British Government would not have been well advised to set it in motion on some recent occasions is perhaps another question. They undoubtedly have the power, but they did not choose to use it, just as in this measure the Governor General in Council may or may not see fit to launch a prosecution. That is a question of judgment for him to decide. In one letter sent by a critic of the Bill in response to the demand for opinions, it was pointed out that after certain things had happened in connection with relations between Great Britain and Germany no action had been taken. "Allegations"—this is how the letter ran—"allegations against Kruger followed, which led to the Boer War". I think that any measure which puts an obstacle between the making of allegations and the expense and bloodshed resulting from war has a good deal to be said in its favour. Another point which I would like to make is that India is by no means alone in adopting a measure of this sort. Canada, amongst the British Dominions, adopted one so recently as 1927 and in Great Britain and the United States the Common Law, though not embodied in statutes, is undoubtedly in existence, though not very frequently in force. It is to the same effect. Amongst other civilised countries, Brazil, China, Columbia, Costa Rica, Egypt, Finland, France, Germany,

[Sir Evelyn Howell.]

Greece, Guatemala, Holland, Italy, Japan, Persia, Portugal, Roumania, Siam, Sweden, Turkey and Yugo-Slavia have similar statutes. Amongst these countries, Egypt, Persia and Turkey, all of which have recently created and rather ardent nationalist Governments, have passed measures of this sort quite recently. The Persian statute is perhaps interesting. It gives the same measure of protection, except in the matter of punishment, to the heads of foreign States as it does to the head of the Persian State. The difference in punishment is that anyone who libels the head of the Persian State may get three years' imprisonment, whereas those who libel a foreign State can only get two. But otherwise the protection afforded is the same, and curiously enough it is only on condition of reciprocity. In Persia you may, in theory, write what you may like about the head of a foreign State, if the subjects of that foreign Ruler are permitted to write what they like about the head of the Persian State; but in practice we have seen that the Persian Government does not like violent attacks in the press on the heads of any foreign Government. It is only comparatively advanced civilised countries which require a measure of this sort, because where the power of the executive is wholly undefined, as it is in some of the more backward countries, no such law is needed. The press can very easily be controlled without it.

So, Sir, if I may recapitulate, the measure is intended for the protection of foreign Rulers and not for the Rulers of Indian States. It is not devised for the benefit of any particular person, but simply to prevent the very real and serious danger arising from defamatory attacks on the heads of the States which actually adjoin this country. It is a very mild and gentle Bill. It does not provide for the taking of security from any press or for its confiscation, but only for the punishment of the person responsible on a charge of defamation when one has been launched under the authority of the Governor General in Council. It also provides for the impounding and confiscation of defamatory matter of this nature by order of the Governor General and the prevention of its transmission through the post. The danger, as recent experience has shown us, the experience which caused us to promulgate the Ordinance last year, is a very real one and the measure provided against it is the minimum of protection which it consorts with the dignity of India to provide, consonantly with the safeguarding of the rights of the subject. I can assure the House finally on behalf of the Government that the measure and the powers which it gives will be used with the utmost caution and circumspection.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to provide against the publication of statements likely to prejudice the maintenance of friendly relations between His Majesty's Government and the Governments of certain foreign States, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR BROJENDRA MITTER: I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

SUGAR INDUSTRY (PROTECTION) BILL.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, I move:

"That the Bill to provide for the fostering and development of the sugar industry in British India, as passed by the Legislative Assembly, be taken into consideration."

In moving for the consideration of this Bill, Sir, I do not think it is necessary for me to take up a great deal of the time of the House, because the Bill itself is a very simple measure and partly because of the somewhat unusual circumstances which have attended the birth of protection to this industry. I allude to the facts that the Tariff Board's Report has now been before the country for more than a year, for it was actually published in connection with the budget proposals for 1931-32, and that the main proposal made by the Tariff Board which was that a duty of Rs. 7-4-0 per cwt. should be imposed upon imported sugar, was, at the same time, carried out to this extent that a revenue duty was placed on sugar, as Honourable Members are aware, of that amount. In these circumstances I propose merely to mention what are the most important features both of the Tariff Board's Report upon sugar and of the proposals which Government have embodied in the Bill before the House. I deal first, very briefly, with the claim to protection which the sugar industry was able to establish before the Tariff Board. And in speaking of the sugar industry I have to make it clear that this term includes a large range of interests and of operations. It begins from the growing of sugarcane on the field, and proceeds through the manufacture of the different kinds of raw sugar, such as *gur*, up to the manufacture of refined crystalline sugar in factories. The Tariff Board came to the conclusion that the sugar industry as a whole was able to satisfy the conditions laid down by the Indian Fiscal Commission. But they made these reservations—first, that sugar refining, taken by itself, was unable to satisfy the Fiscal Commission's conditions. Sugar refining by itself might use any material, including imported raw sugar, for its purpose. The second reservation was in respect of the manufacture of *gur*. The Tariff Board found that, strictly speaking, the manufacture of *gur* would be unable to satisfy the third condition laid down by the Indian Fiscal Commission, which is that an industry, in order to qualify fully for protection, should be capable of standing eventually against world competition without any protection at all. What they said about *gur* was this, that, if the term may be used, it had a very good second-hand claim to protection, because upon the manufacture of *gur* depends to a very great extent the prosperity of the cane-growing industry in India.

Now, while dealing with the question of how far the sugar industry has been found capable of satisfying the conditions laid down by the Indian Fiscal Commission, it is right to mention one point. The Tariff Board found, in discussing the costs of production in India, that at the end of the period of protection which they were proposing, the cost of manufacture of crystalline sugar in India would not be higher than it is in two-thirds of the sugar-producing countries of the world. But there are certain countries in which the cost of production of sugar is always likely to be lower than the cost of production in India, and one of those countries is Java. Now, as Honourable Members are no doubt well aware, the greater part of the imports of refined sugar into India comes from Java, so that it is only right to say that Government have considerable doubt whether, strictly speaking, that third condition of the Fiscal Commission is satisfied by the sugar industry in India. But, Sir, in spite of

[Mr. J. C. B. Drake.]

that they have no doubt whatever that this measure is a thoroughly sound measure and one which they can whole-heartedly commend to the Legislature for the main ground upon which it is based is the national importance of the cane-growing industry to India. The Tariff Board, Sir, laid considerable stress upon this point, and I have no doubt that Honourable Members who are interested in the subject have studied those reasons. I might, however, just say this, that at a time when we are passing through a period of almost unparalleled depression in prices, and when in the case of most primary commodities, or produce, it is impossible for Government to do anything at all to assist the primary producer, a time like the present does seem to be pre-eminently one in which steps should be taken, if they can be made effective, to improve conditions for the primary producer. In the case of sugar, what we have is a very large market in the country which has in the past been supplied in very large measure by imports of foreign sugar. When the Tariff Board reported the imports of white sugar were in the neighbourhood of one million tons a year and, though, like all other imports, the amount of sugar imported has fallen very considerably during the last year or so, that quantity is still very considerable. It is then mainly on the ground of the national importance of the sugarcane industry in the agricultural economy of India that this measure has been placed before the House. The provisions of the Bill are simply designed with the object of ensuring that an adequate demand for sugarcane will be maintained in India.

Now, I pass, Sir, to the actual recommendations made by the Tariff Board and to the proposals which are embodied in this Bill. What the Tariff Board actually recommended was that protection should be given to the sugar industry for a period of 15 years and that that protection should be given entirely by means of a duty on imported sugar. The Board proposed that the duty should be fixed at Rs. 7-4-0 a cwt. for the first seven years of the protective period and at Rs. 6-4-0 a cwt., one rupee lower, for the remaining period, and that that duty should apply to all grades of sugar. In addition, the Board thought it would be necessary for the Governor General in Council to take power to increase the duty whenever the market price in Calcutta, without duty, fell below Rs. 4 a maund. The Board then made certain subsidiary recommendations, the first of which was that a sum of ten lakhs of rupees should be given by Government annually for research and development in connection with the sugar industry. It further proposed that Government should take power to call for such returns as they thought necessary from the owners of sugar factories relating to their production of sugar; and, lastly, recommended that sugar factories should be required by Government to post in conspicuous places information relating to the rates paid by them for sugarcane. That was a measure intended to benefit the grower of cane.

The decisions which Government took on those recommendations followed very closely the recommendations themselves but there are slight variations. Dealing first with the protective period, Government entirely agreed with the Tariff Board that in the case of an industry of this kind, which includes the production of a field crop, the period of protection must be a long one. The scheme upon which the proposals are based depends very largely upon improved types of cane, such as are being evolved by research, being introduced throughout the sugarcane areas of India; not always the same type of cane but that type of cane which is found suitable for each locality; and also, if the whole of the market is to be supplied by Indian sugar, it is clearly necessary for the total acreage under sugar to be increased. Well, that, Sir, is bound

to take a long time. On the other hand, Government felt that to fix one rate of duty for a period of 14 or 15 years would not be a wise step. The duty is being fixed at a time of profound depression and when economic conditions and exchanges are upset and disturbed. Government thought, therefore, that the best course would be to fix the rate of duty for some intermediate period, and the problem was how to do that and at the same time to give the necessary assurance that this industry would be protected for the total period recommended by the Board, which was 15 years. The step they have taken to reconcile those two objects is shown in the Preamble to the Bill and in clauses 3 and 4. In the Preamble a declaration is made that the intention of the Bill is to provide for the fostering and development of the sugar industry for the period ending on the 31st day of March, 1946, that is, for a period of 14 years from now, or for one of 15 years if you count from the time that this higher duty was imposed upon sugar. And clause 2 provides that the amendment made by sub-section (1), that is the fixing of the duty at the rates that I have mentioned, should take effect up to the 31st March, 1938. Clause 3 provides that just before the expiry of that period an inquiry shall be held, not into the question whether protection should be continued—that is settled by the Bill—but to what extent protection should be continued.

Then, Sir, I shall refer briefly to the proposal made by the Tariff Board that power should be taken to impose an additional duty in certain circumstances. That provision has been made in a somewhat different form in the Bill. It was felt by Government that the proposal in the terms in which it was made by the Tariff Board was rather too rigid, whereas Government have already in the Indian Tariff Act a provision of that nature which was imported into the Act in the interests of the steel industry in 1927. In clause 4, therefore, they have embodied a provision which enables the Governor General in Council to increase the duty after inquiry if he thinks it necessary to do so in order to restore—for that is really the effect of the provision—to restore the amount of protection which was originally intended to be given by the measure.

The other recommendations of the Tariff Board, regarding the submission of returns to Government and regarding the posting of notices giving information regarding the prices paid for cane, have been embodied in the Bill. As regards the Schedule to the Bill, the only operative part in regard to sugar is amendment number 2, the effect of which, as Honourable Members will see, is to remove sugar from the revenue part of the tariff and place it in Part VII, which is the protective part of the tariff. The other amendments made in this Schedule are merely consequential, and, in particular, the references to matches and splints may be disregarded by Honourable Members as having nothing to do with the measure before the House.

Now, Sir, there is only one word more I should like to say before I sit down and that is in regard to the recommendation made by the Tariff Board, to which I have alluded, that a large sum of money should be made available every year by Government for development and research in connection with the sugar industry. As regards this recommendation, Government understand that the Imperial Council of Agricultural Research are actually sufficient in funds at present to be able to carry out the schemes which have already received final approval. Those funds, I understand, will carry them on for one more year but, if after March, 1933, the Council is not given further grants, it will be necessary for it to curtail its programme in certain directions. On that point I can say this on behalf of Government. They fully agree with the views expressed by the Select Committee on this Bill in regard to the necessity of seeing that the sugar industry is not starved of funds for the purpose of research and development, and they hope that it will be possible

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next year and in succeeding years to grant funds to the Imperial Council of Agricultural Research which will enable it to carry into effect such schemes for development and research in connection with the sugar industry as have been fully approved. The intention is to make such grants if the financial situation permits of this being done.

I think, Sir, that is all I need say on the subject of the Bill. It is one in which I have no doubt a great deal of interest is taken by Members of the House as well as by the country at large, and Government believe that, in the provisions of this Bill, they have produced as complete a measure as it is possible to devise for the adequate protection of this industry. Sir, I move.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal: Non-Muhammadan): Sir, when I rise to oppose this Bill, it must not be supposed for a moment that I deery the principle of protection when it is extended to a nascent or struggling industry. But why I oppose this Bill is because I do not fall in with all the propositions that are set forth therein. I would have heartily supported it if I had felt sure that the protection would really endure to the entire benefit of the country. But as brought up before this House the Bill intends to protect the capitalists and leaves the actual cane-growers in the lurch. This is one of the great gaps in the Bill which impels me to withdraw my sympathy from it altogether. Sir, there are several considerations which should weigh with us before this measure is rushed through. First, Sir, the sterling having gone off the gold standard, the prices of machinery for the equipment of up to date sugar factories in India have consequently gone up by about 20 per cent. To this is to be added 10 per cent. customs duty on foreign machinery imposed last year by the Government. The cost of plant and machinery has, therefore, increased at least by 30 per cent. since the Tariff Board reported on the development of the indigenous sugar industry. It stands to reason, therefore, that few industrialists will come forward to start a new venture unless they are assured of a fair return on their investment and that for a fairly long period. The proposed period of seven years is thus insufficient to attract the capital necessary for the development of the sugar industry. Sir, as the Government has recently lowered the taxable minimum of income-tax, small investors will naturally take into account that factor in putting forth their cash on new sugar concerns. This is also another deterrent factor in the scheme. In these circumstances the proposed Bill fails to restore confidence alike in the minds of capitalists and investors as both will be uncertain whether the Government would after the expiry of seven years continue the protection or whittle it down or scrap it altogether.

Secondly, Sir, by increasing the import duty on sugar gradually from 5 per cent. to 175 per cent. the Government have secured for themselves, on the plea of protection, a licence to tax the people for seven years on an article of daily food fetching an income of 10 crores or so for the purpose of revenue. But from the budget speech of the Honourable the Finance Member we find that the expected revenue on foreign sugar is showing distinct signs of decline. The reason for such deterioration is not far to seek. In the dire grip of the money-famine through which the people are passing they have perforce turned to cheaper substitutes and have curtailed their sugar consumption in various ways. I have information from Bengal that in some of the eastern districts, owing to the rise in the price of sugar, people are abjuring all sorts of sweets prepared from sugar in their feasts and religious observances.

Thirdly, Sir, we must all bear in mind that the leading sugar-producing countries have recently entered into an agreement to stabilise the price of sugar and have also agreed in furtherance of that purpose to a scheme known as the Chadbourne scheme to restrict the production and export of each sugar-producing country for a certain period. The implications of such a scheme must not be lost sight of. Then there is Java which with her most efficient sugar factories and enormous financial resources will continue to dump her production into India in vast quantities at abnormally low prices with a view to kill ultimately the indigenous industry. Another important factor which also needs our attention is the Russian production which has already continued to flow into our Indian markets in large quantities at very cheap prices. All these factors contribute to militate against the revival of the Indian industry amidst unfavourable local conditions.

Fourthly, Sir, as the financial, industrial and agricultural outlook of the country is getting worse day by day, it does not entitle us just at present to commit the country to the proposed protection measure.

Lastly, Sir, what safeguard has been promised in the Bill to protect the industry from the aggression of the foreign capitalists? I am reliably informed that in view of the protection, foreign sugar capitalists have already sent their emissaries to this country to interest Indian capitalists to open *benami* sugar factories in order to capture within the country itself the sugar industry with the ultimate object of frustrating the much-wanted protection. In view of all that I have already stated it will be prudent on our part in the present conditions of the country if we can shelve and throw aside the Bill and wait till the enhanced duty on machinery is withdrawn, gold standard once more stabilised, and financial and agricultural prospects have brightened up. Let us not court disaster by rushing through the measure in hot haste amidst such dismal beginnings. Sir, I oppose the Bill.

THE HONOURABLE RAJA BIJOY SING DUDHORIA OF AZIMGANJ (Bengal: Nominated Non-Official): Sir, I congratulate the Government for bringing this Bill which I think is the third protective Bill for the fostering and development of some of the Indian industries for the manufacture of which she has got abundant raw materials. I hope for the day, when these industries, will be well developed to compete with foreign markets and will be able to export her finished products to foreign countries. Sugar is an every-day necessity and as such India will not have to find markets for this commodity. There was a time when the Indian masses consumed very little sugar, rather, on the contrary, they used to consume the indigenous product called *gur*. With the advance of the times and the influence of Western education sugar has become one of the necessities of India's life for which she is at present solely dependent on foreign manufacturers. The Java manufacturers, finding that a large number of people use *gur*, started importing a cheaper quality *gur* from that country to kill the indigenous industry for its manufacture. I would not have been surprised, if the present state of things continued for a few more years if the Indian masses had taken to Java *gur* which is cheaper. In these days of industrial development India is lagging behind, though she abounds in raw materials for the manufacture of various finished products. I am glad that the Government in this case has acted with foresight and imagination and has the courage to belie the statement that the present bureaucracy is too wooden. Rather on the contrary, they have proved by their action that India has really Dominion Status in action. Before concluding I would like to bring to the notice of the Government that simply by the passing of

[Raja Bijoy Singh Dudhoria of Azimganj.]

this Bill their responsibility does not cease. An infant industry which is to be nurtured into maturity requires multifarious assistance during its infancy. One such assistance required is the help to the manufacturers by giving them concessional rates of railway freight and swift carriage for moving their heavy machinery from ports to the places of such manufacture. I understand that such concessional rates of freight were being given to such manufacturers but in the name of retrenchment some of the railways have stopped this concession. Sir, if that be a fact it will be a great handicap and will work adversely on those who are being refused such concessions. I would request Government to look into this matter of concessions.

Sir, the Tariff Board in its findings have stated that the nearer the raw materials to a manufactory of sugar the greater is the quantity of sugar derived from such sugarcane. They further stated that the greater the time taken for the delivery of sugarcane from the fields to the manufactory the lesser is the quantity of sucrose obtained from them. Consequently every sugar manufactory should have cultivable lands around it for the growing of sugarcane and Government should, therefore, provide metalled roads in these fields for the easy carriage of canes from the farthest cane-growing field to the manufactory by means of motor transport or feeder railways. Lastly, Sir, nothing has been suggested for giving facilities to the cultivator of sugarcane. I would, therefore, suggest that a system of bounty should also be introduced for sugarcane growers according to the quantity and quality of cane grown. Government should take suitable measures to give them irrigation facilities as well as demonstrations of growing superior canes so that they can get better prices and, at the same time, the manufacturer will not lose by paying higher prices for canes as a smaller quantity of good canes will produce a larger quantity of sugar.

With these few remarks I support the Bill whole-heartedly and I once more congratulate the Government for bringing this Bill before the House.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern: Non-Muhammadan): Sir, I give my whole-hearted support to this Bill. I am sorry to find that my Honourable friend Mr. Ghosh Maulik has opposed this important measure. But after hearing his speech I am constrained to say that some of the reasons which he has given to oppose the measure afford all the more justification for the levy by the Government of a protective duty on the import of foreign sugar. The sugar industry in India, Sir, is still in its infancy and it is very necessary that it should be protected against foreign competition. All important countries at one stage or the other imposed heavy embargoes on foreign imports of sugar in order to encourage their own indigenous produce of sugar and with a view to be self-dependent so far as this important article of food was concerned. In order to give an idea as to what protective duties other sugarcane countries have imposed on sugar the following figures will be found interesting:

	Rs.	a.	p.	
Great Britain	5	11	6	per maund.
United States	6	0	0	"
Germany	7	3	0	"
France	7	8	0	per cwt.
South Africa	4	6	0	per maund.
Austria	6	0	0	"

And Australia has placed a complete embargo on foreign sugar. Sir, as was admitted by the Indian Sugar Committee of 1920, India at one time used not only to supply its own needs in the matter of sugar production but also had a great export trade in this commodity. But owing to want of encouragement and assistance by the State until the year 1923—when, as a result of the recommendations of the Indian Fiscal Commission, the Government was committed to a policy of discriminating protection—the sugar industry in India could not withstand the organised foreign competition of Java and European sugar producers who, with their organised attempts, improved methods and better facilities dumped their sugar on the Indian market at very low prices. The Government of India did not give their serious consideration for the improvement of the sugar industry until some time ago, while in other countries it has always been regarded as one of the key industries of national importance, with the result that the sugar industry in India continued to have a precarious existence. At last the Imperial Council of Agricultural Research with its Sugar Committee took up the question of this industry in right earnest and emphasised on the Government the urgent necessity of referring the question of sugar industry for investigation by the Tariff Board in the interest of as large a population as 20 million people who are directly interested in sugarcane growing, in order to find out if a case for protection existed for the sugar industry in India. The Tariff Board submitted its report early last year and found that the Indian sugar industry fully fulfilled all the conditions that the Fiscal Commission laid down for the grant of protection. In this connection I would invite the attention of the House to an extract from the relevant paragraph of the Tariff Board's Report making out a case for protection of the sugar industry in India. Says the Tariff Board:

"It is necessary on general agricultural grounds to maintain or increase the area under cane and to secure this end an outlet must be provided for surplus cane. Unless steps are taken in this direction, a serious crisis must result in the *gur* industry as the result of overproduction, great hardship will be caused to the cultivators, while agriculture in general will receive a severe blow. Finally, cane is the only important agricultural product the price of which is not determined by world conditions, and Government therefore has it in its power at this time of severe agricultural depression to afford substantial assistance to the agricultural classes by protecting the sugar industry."

Sir, the sugar industry in the matter of protection stands on quite a different footing from the industries which had hitherto been given protection by the Legislature. This industry, unlike other industries which are generally confined to a few individual firms, seeks to benefit a huge population, both agricultural and industrial, without imposing any great burden on the poor class of consumers, because the evidence before the Tariff Board clearly showed that white sugar and half *gur* and the poorer classes, the middle classes use about half sugar and half *gur* and the poorer classes in the main use *gur*, and as there is no relation between the price of white sugar and *gur* the poorer classes will hardly suffer by the levy of the protective duty. In this connection the following remarks of the Tariff Board deserve special attention:

"We believe we are justified in assuming therefore that the agriculturists, who are the poorest as well as the largest class in India, will incur very little if any additional expenditure as a result of the protective duty on sugar. On the other hand, the gain which will accrue to agriculture from the extension of white sugar factories, the exclusion of foreign sugar and the prevention of the manufacture of imitation or adulterated *gur*, should far outweigh any disadvantage resulting from an increase in the price of imported sugar above the prevailing low levels. The duty will we believe be borne in the main by the urban population, but even here the incidence of taxation will be higher per head in the case of the well-to-do and middle classes. It may also be pointed out that heretofore, on balance, the burden imposed by the adoption of a system of protection has been borne by the agriculturists for the benefit of the urban industrial population. This is the first occasion on which

[Rai Bahadur Lala Jagdish Prasad.]

proposals for protection will be of direct advantage to the rural classes, both agriculturists and labourers, and there is therefore perhaps a rough justice about the proposals which should appeal to the unbiased observer".

In the face of these weighty observations of the Tariff Board I think there need be no misgivings about the utility of the proposed measure, and the bogey of the interests of the consumers being adversely affected by this Bill should not in my humble opinion deter the House from doing its duty by the agriculturist who is the backbone of the country and the industrialist whose coming more and more into the field is a desideratum in India.

Sir, there is one important point to which the Honourable Mr. Ghosh Maulik made a reference in his speech. It is the danger of foreigners taking advantage of the tariff wall to establish sugar factories in India to the disadvantage of Indian interests. In this connection I must say that the Government of India should carefully watch any developments in this direction with a view to considering whether any action should be taken to prevent control of the industry from falling into foreign hands.

Sir, I strongly support the measure and hope that the House will pass it.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, the main purpose of this Bill is to provide for the fostering and development of the sugar industry in British India. There was a time in our country, Sir, when she was not only self-dependent in respect of supplying her own need but also had a considerable export trade in sugar ; but owing to want of state-aid and encouragement by way of any protective duty on sugar till 1916, the sugar industry in India became crippled and had such a miserable decline that the Indian market was practically monopolised by foreign, especially Java, sugar which was sold at a very low price. From 1916, when the unsatisfactory financial condition of Government compelled them to impose a duty on imported sugar, this duty had to be increased year by year from 5 per cent. to 25 per cent. *ad valorem* in 1925-26 and to a specific duty of Rs. 3-4-9 pies per maund in 1926-27 to Rs. 5-2-10 pies in 1931-32. The history of the sugar industry in India is not perhaps unknown to you, Sir, and the Honourable Members of this House and I need not take up your time by repeating it or quoting chapter and verse from either the Report of the Indian Sugar Committee of 1920 or that of the Tariff Board who have recommended the levy of a protective duty on sugar. Sir, I am an out and out protectionist and when I realise that the proposed protection is mainly in the interest of the Indian sugar industry and the cultivation of sugarcane I gladly welcome this measure for protection. But I would suggest that Government should exercise control over the prices as I am afraid this duty may lead to unscrupulous profiteering by wholesale as well as retail dealers in the country. In this connection, Sir, I would further suggest that Government should enlighten the Central Legislature with their annual reports regarding the progress and development of the sugar industry in India and how far they have given effect to the recommendations of the Tariff Board in respect of research work done by the Imperial Council of Agricultural Research and the money spent for that purpose. In a country like India, Sir, protective duty on a certain commodity sometimes lures foreign capitalists to set up factories and concerns here and I am afraid foreign interests may take advantage of this tariff on sugar which is an important article of food and may establish sugar factories here to the great disadvantage of and detriment to the interests of the Indian producers. This aspect of this Bill should engage the serious consideration

of Government and means must be found by them to check the inflow of foreign capital into India, especially in the matter of sugar factories ; otherwise, the main purpose of the Bill will surely be defeated and the Indian sugar industry may fall into the hands of foreigners like the match industry in India.

With these few suggestions, Sir, I should like to support the passage of the Bill and resume my seat.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, in rising to support this Bill I wish to point out that, as is well known to the House, I am not in favour of protection in general. I give my support to this measure of protection because I find that it will help the labourer more than the capitalist. In other industries this is not the case. A point made by certain of my Honourable friends is that probably this protection will attract capitalists and outsiders who will come and establish the sugar industry in India. It might be a bad thing from the industrialists' point of view, but from the agriculturists' point of view it will be quite welcome, because we have sufficient raw material not only for the present number of factories, but even double and treble the number of factories could very well be supplied with raw material. And if the capital comes from abroad it will absorb only a certain part of the profits and a larger amount of profit which will accrue from the development of the sugar industry will remain in India in the form of prices paid to the agriculturist and labour charges. Sir, a very good suggestion has been made by my Honourable friend, Mr. Ghosh Maulik, and I specially recommend it to the attention of the Government, although it did not come in so many words but I think he will be satisfied if Government follow the line he suggested with which I also agree.

The Tariff Board recommended that there should be an outlay of Rs. 10,00,000 on agricultural research. The Government in the present financial stringency cannot find that sum, but the least they could do would be to make the sugar machinery coming from outside India duty-free. This is a measure for which they do not require any legislative sanction. They can do it by executive order and it will be hailed by all Indians as a genuine effort on the part of the Government to foster this industry. The great mistrust which is generally produced in India on account of protective duty is, that the Government want to fill their coffers, and it is in the guise of protective duty that they come up to the Indian Legislature to get their support. I think if the Government find it possible to let go a few thousands at times—it will not be more than a lakh of rupees or so in the year—it will not cause a great amount of inconvenience but it will give proof of a genuine desire on the part of Government to foster Indian industries. Sir, in fact the without duty of Java sugar landed cost in Calcutta comes to something like Rs. 110 a ton and the duty to Rs. 145 a ton. This shows the great handicap that must be placed on Java sugar to better the position of India in the sugar industry, inasmuch as it shows that more than a 100 per cent. duty is required to foster the industry. The reason why we have got to impose such a high rate of duty is that Indian sugar is not as good as it might be and it is more towards the agricultural side of this industry that the attention of the Government should be drawn than to the manufacturing side. It is very essential that material help should be given and every effort should be made to improve the quality of sugarcane grown in India and then and only then can we hope to establish the sugar industry on a sound basis. If we go on giving protection, it does not matter for how long, unless we improve the quality of the sugarcane we cannot establish the sugarcane industry in India. It is because Java is very fortunate in having a good quality of sugarcane that the cost of production is small.

[Mr. Abu Abdullah Syed Hussain Imam.]

It is well known that the labour cost in India is very low. We have got natural advantages, but every advantage is set at naught by the poor quality of the sugarcane and it is therefore that I draw the attention of the Government to do something substantial, and not merely lip service, as far as the agricultural aspects of the sugar industry is concerned.

With these few words, Sir, I support this motion.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to support the Bill and as this matter has been dealt with in detail by many Honourable Members of this House I need not take up the time of the Council. The only point which I want to put forward is that the life of the Bill has not been made long enough. And I think, Sir, that those people who are intending to put up new sugar factories are feeling rather reluctant on this point as to when this protection will end. With these few remarks, Sir, I support the Bill and wish that as long as protection is necessary in the interests of the Indian industry it will be maintained and kept up.

THE HONOURABLE MR. J. C. B. DRAKE : Sir, in view of the general support which this measure has received at the hands of the House there is very little that I wish to say. The speech which my Honourable friend Mr. Ghosh Maulik made has, I think, been answered to a very large extent by the very interesting speech which we heard from the Honourable Rai Bahadur Lala Jagdish Prasad. Perhaps I might be permitted to say that I found the arguments which my Honourable friend Mr. Ghosh Maulik used in places a little self-contradictory. He began, I think, by saying that one of his objections to the measure was that it was designed in the interests of the capitalist rather than in those of the grower of sugarcane. But he immediately went on to say that with a measure of this kind he was afraid that capital would not be attracted. But, Sir, I need not dwell on that point, and I shall pass on to what fell from my Honourable friend Raja Bijoy Sing Dudhoria. He, Sir, asked especially that the question of railway concessions for the sugar industry might be taken into consideration by Government. All I can say about that, Sir, is that, as is usual, if the interests concerned approach the Agents of the Railways which carry the machinery or their produce, I am quite sure that due attention will be paid to any representations that are made. He also referred, Sir, to the question whether it would not be possible for a bounty to be given in some form to the growers or producers of sugar. That, Sir, was a point that was examined by the Tariff Board and it had to be dismissed because, quite obviously, for administrative reasons the grant of a bounty on the production of sugar is really out of the question. It would be impossible for any agency that Government might devise to keep a check on the amount of cane produced by every grower or producer. Then, Sir, my Honourable friend Mr. Banerjee referred to two points. One was the question of receiving reports annually about the progress made in sugar production and also in research and development in connection with the sugar industry. That, Sir, was a point particularly noticed by the Select Committee on the Bill, which made a definite recommendation that an annual report should be presented to the Legislature showing the amount expended on and the progress made in research and development. I have no doubt that that recommendation will be given due attention by the Government. The other point that was raised by my Honourable friend Mr. Banerjee, and also by other speakers, was the question whether there was a

real danger of foreign interests coming in and establishing factories behind the tariff wall to the detriment of the Indian industry. That point also, Sir, was very carefully considered in the Select Committee and they decided finally to make a recommendation in their report which is to the effect that in view of fears which have been expressed that interests outside the British Empire might take advantage of the tariff wall to establish factories to the detriment of Indian interests the Governor General in Council should watch any developments in this direction with a view to considering whether any action should be taken to prevent the control of the industry, or any considerable part of it, from falling into foreign hands. That, Sir, like the other recommendations will be given the closest attention by Government.

One other matter which perhaps I might mention very briefly is the request made by the Honourable Mr. Ghosh Maulik, and repeated by my Honourable friend Mr. Hussain Imam, that imports of sugar machinery should be admitted free of duty. Well, Sir, I am afraid that I can give no promise in that direction, particularly in the absence of my Honourable friend Mr. Brayne who I am sure would have a good deal to say about it. But I should like to call the attention of the House to the fact that protection is being afforded on a generous scale to the sugar industry and actually at the present moment, while there is this duty upon machinery, there is also a surcharge on the revenue duty upon sugar which operates until the 31st March, 1933. I think, Sir, that there is nothing else that I need say.

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill to provide for the fostering and development of the sugar industry in British India, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clauses 2, 3, 4, 5 and 6 were added to the Bill.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. C. B. DRAKE : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

INDIAN AIR FORCE BILL.

THE HONOURABLE MR. G. R. F. TOTTENHAM (Army Secretary) :
Sir, I beg to move :

"That the Bill to provide for the administration and discipline of the Indian Air Force, as passed by the Legislative Assembly, be taken into consideration."

At the outset, Sir, may I express to the House the personal regret of His Excellency the Commander-in-Chief that he has been unable to be present to-day to take charge of this Bill. His Excellency had hoped to do so, but he had to leave Delhi some days ago on an extended tour, and for one reason and another it proved impossible for this Bill to reach this House before he left. I am sure that no one regrets more than His Excellency himself that this should be the case.

[Mr. G. R. F. Tottenham.]

As to the Bill itself, Sir, I do not think I need detain the House for any length of time or that Honourable Members will expect from me any elaborate exposition of its provisions. An Act of the Indian Legislature is necessary in order to bring into existence an Indian Air Force and to provide for its administration, discipline and control. The measure is therefore one of considerable importance. Indeed it marks a definite stage in the history of the defence of India. The Bill also contains a large number of clauses. On the other hand, it does not contain anything that is either novel or experimental in character. It simply presents in a self-contained and in as simple a form as possible the normal provisions of a disciplinary Act such as is applied to any arm of His Majesty's Forces; and, as the Statement of Objects and Reasons will show, it is based almost exclusively on the existing provisions of the British Air Force Act or the Indian Army Act. The Bill was drafted in the first instance with a great deal of care and labour by a process of selection from these two sources, so as to adapt them to the purposes of an Indian Air Force. Subsequently it received at the hands of the Select Committee further detailed and careful scrutiny, as a result of which a few minor amendments were made and the wording of section 9 was amplified to make it clear that enrolment in the Indian Air Force should be confined to genuine Indian citizens. The Bill as so amended was passed by the Legislative Assembly without hesitation, and it has therefore reached this House in a form in which I think I can confidently recommend its acceptance.

Sir, I move.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, if I rise to speak on this Bill I do so with the object of entering my protest against the attitude of the Government as to the manner in which recruitment for the Indian Air Force is to be made in future. In the Statement of Objects and Reasons appended to the Bill I find the following passage :

"The personnel of the Indian Air Force will very largely be drawn from the classes which now furnish recruits to the Indian Army, etc."

Now, Sir, the House I am sure is well aware that Indian public opinion has never reconciled itself to the practice followed by the Government of making recruitment for the Indian Army from some specially privileged classes to the exclusion of certain other classes. It has been the public demand all along that recruits to the Indian Army should be drawn from every section of the community. But the Government has up till now persistently ignored this demand. Now it seems that the practice of certain special classes alone furnishing recruits to the Indian Army is not going to stop here but is being carried to recruitment for the Indian Air Force as well. This principle, Sir, to my mind is highly objectionable and does not augur well for the future of this great undertaking. The virus of separation on the basis of castes and creeds is already eating into the vitals of this great country, why accentuate public dissatisfaction and distrust by carrying the policy of differentiation further to the case of this newly-born enterprise? Sir, the Indian Air Force has a bright future before it, and I am strongly of opinion that the personnel of the Force should be drawn from all classes irrespective of caste, creed or colour, and there should be no restrictions whatsoever imposed upon any classes in the matter of recruitment to it. I hope, Sir, that my suggestion, very reasonable as it is, will commend itself to the Government.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I also rise to speak on this Bill with a view to informing the Government that we are not satisfied with what the Government have up till now done in regard to the Air Force. It has probably escaped the attention of most of the Members that this Bill is for an Indian Air Force, and not for the Royal Air Force. This distinction is very essential to remember, if we want to understand the extent to which this Act will be applicable. While we spent Rs. 2,46,00,000 on the Royal Air Force in the year 1930-31, the magnificent sum of Rs. 24,000 was spent on the Indian Air Force in the year just completed. This big and lengthy Bill has been brought in to affect only that part of our Budget in the Air Force Department which is known as the Indian Air Force. What we want is not the Indianisation of a solitary unit of the Royal Air Force; we wish that Indianisation should proceed in an effective way, so that in a short and definite period we might have an Indian Air Force. That principle, which has been very many times condemned, and is known as the S-unit scheme in the Army, is going to be perpetrated in the Air Force as well. We are promised that we will have a wing or a squadron—I do not know the technical term—which will be known as the Indian Air Force. There are only five Indian officers who are coming forward at the tail end of this year. At this moment we cannot oppose the passage of this Bill, but we can appeal to the Government to expedite the process of Indianisation and also to take away the control of the War Office. I am informed—I am subject to correction by the Honourable Member—that the Royal Air Force is not subject to the Army Member. Is it a fact? We should like our unit to be under the control of the Army Member of the Executive Council of the Governor General. As it is, the control of the War Office cannot be in the interests of India. However strong the difference of opinion might be among us and the Members of the Treasury Benches, at least they are better, and for our purposes more friendly, than we could ever expect the War Office to be. Therefore, Sir, I support this Bill, but I bring these facts to the notice of the Government for redress.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I should like the Honourable the Army Secretary to kindly inform this House whether this Indian Air Force and the Royal Air Force will have a common cadre and whether they will be part and parcel of the Royal Air Force in India. I fully support the points raised by my Honourable friend Rai Bahadur Lala Jagdish Prasad as far as recruitment to the Air Force is concerned; and I should also like the Honourable the Army Secretary to enunciate the policy of the Government so far as recruitment to the Air Force is concerned. I would also like to know, Sir, why the Air Force officers have not been put under the orders of the District Commanders. That is a novel departure and I should like to know the reason which led Government to make these officers independent of the District Commanders. Then, Sir, another point on which I want to lay stress is that the number of officers recruited in the Air Force yearly should be such as to make the Indian Force all Indian at least during the next 10 years. With these remarks, I support the Bill.

THE HONOURABLE MR. G. R. F. TOTTENHAM : Sir, I hope the House will forgive me if I give somewhat unsatisfactory answers to various points that have been raised in the debate to-day. I only took charge of my office yesterday and I do not think I can be expected to have such a complete knowledge of the questions as I may hope to acquire in a few months' time.

[Mr. G. R. F. Tottenham.]

There is one point, however, which was raised by several speakers regarding recruitment to the new Force, based on a passage in the Statement of Objects and Reasons, from which it appears that Honourable Members have received the impression that recruitment to the Indian Air Force is to be restricted to what is known as the martial classes, the classes from which recruitment for the Army is made. The passage in the Statement of Objects and Reasons which refers to that matter gave, I am afraid, a wrong impression also in another place, which was corrected, I see, by my predecessor in the Legislative Assembly. What he said was this :

"As regards the passage in the Statement of Objects and Reasons, to which my Honourable friend has drawn attention, I must say that I had not realised how much it might convey, in the direction of suggesting that the recruitment of the Air Force will be limited to certain classes. It is not intended to convey that impression at all. It was merely an anticipation that for some time at any rate those classes would be likely to provide the bulk of the volunteers for the Indian Air Force. But as far as I am aware, there is no intention at all to restrict the recruitment for this very small force".

There is no intention and there never has been any intention that there should be class composition in the Indian Air Force.

Another speaker referred to the small amount of money that has been provided for the Indian Air Force in the Budget for the current year. That is due to the fact, as explained in the Statement of Objects and Reasons, that these young men who are coming out shortly to take up commissions in the Indian Air Force will have to undergo a period of attachment to a Royal Air Force unit and therefore the expenditure during this year will be of a preliminary nature. No doubt it will increase as time goes on. I am not myself exactly aware of the position as regards the number of recruits who are under training at home. Six officers are shortly arriving and I believe a similar number who are under training at Cranwell will come out in due course. I hope the House will forgive me if I pass over the larger points about Indianisation at this stage and will be content with the assurance that I shall study them.

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill to provide for the administration and discipline of the Indian Air Force, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

THE HONOURABLE THE PRESIDENT : The Bill is a very long one and I think it will be convenient if I put the clauses to the Council in groups according to the Chapters. If any Honourable Member wishes to speak on any particular clause of the Bill, I hope he will stop me when I mention the number of that clause.

Clauses 2 to 6 were added to the Bill.

Clauses 7 to 18 were added to the Bill.

Clauses 19 to 30 were added to the Bill.

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The Schedule was added to the Bill.

Clause I was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. G. R. F. TOTTENHAM : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

INDIAN TARIFF (WIRELESS BROADCASTING) AMENDMENT BILL.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary) : Sir, I move :

"That the Bill to provide funds to enable Government to continue wireless broadcasting in India, by increasing the import duties leviable on wireless reception apparatus, as passed by the Legislative Assembly, be taken into consideration."

Sir, it was in 1927 that the Indian Broadcasting Company started its operations. They never proved a success and eventually the Company went into liquidation in 1930. The Government of India, however, were of the opinion, and public opinion also was behind them, that broadcasting should not be allowed to stop, and consequently they bought over the two stations at Calcutta and Bombay for a sum of Rs. 3 lakhs. They realised at the time that this experiment would cost them about Rs. 1,40,000 a year. They were achieving such economies as they could and at the same time trying to attract new license holders. Then came retrenchment, and the Retrenchment Committee examined the service and decided that broadcasting should cease. The Government of India could not hold that this was an essential duty which it had to perform and agreed with the decision of the Retrenchment Committee. As soon, however, as that decision was announced, there was immediately considerable agitation amongst persons who were interested in broadcasting and amongst people who sold the parts for broadcasting for the continuance of the service. Government, having regard to this, came to the conclusion that if possible they should continue this service but on the basis that the service should pay its own way. There were various ways in which we could try to do this. One was to cut down expenditure. Well, the expenditure for next year as we have budgetted will be Rs. 2,38,000 and when I tell this Council that the expenditure under Company-management in the three years that the Company had the service came to Rs. 2,97,000, Rs. 3,35,000 and Rs. 3,17,000, I think the House will agree with me that there is no further possibility of reduction in expenditure. Reduction in expenditure must mean reduction in expenditure on programmes, and reduction in expenditure on programmes necessarily offers fewer attractions to subscribers thus bringing in less revenue. Our revenue coming in from various sources amounts next year we estimate to about Rs. 1,70,000, leaving a very considerable gap. We therefore came to the conclusion that the only thing we could do was to put

[Mr. J. A. Shillidy.]

a duty on to these instruments in order to provide some means of bridging the gap. I would not care to give a definite figure of the amount that we shall receive from this source, but at all events we hope it will be sufficient to cover that gap as nearly as possible. There is only one other point, Sir, I would like to make, and that is, there has been talk of a great deal of piracy, people with broadcasting sets who do not take out licenses. I would appeal to everybody and to all holders of broadcasting sets through Members of this Council, that the evasion of this tax should really be stopped. If they are interested enough in broadcasting to take out broadcasting sets, then I think it is up to them to pay for their licenses. It is by means of these licenses that we look mainly for support for this service. If people will evade this tax there is only one thing certain in the future, and that is that broadcasting will cease.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, I accord my hearty support to the Bill as passed by the Legislative Assembly, and then clearly explained by our Honourable friend Mr. Shillidy. In these modern days, Sir, wireless has become an indispensable thing from various points of view and its usefulness cannot be questioned. And, therefore, it should be our pleasure to provide funds to enable Government to continue wireless broadcasting in India and if for this purpose the import duties on wireless reception apparatus are to be increased, this House ought to be a party to such a measure. Some of my Honourable friends here may talk of the law of diminishing returns as the prices of the wireless sets may necessarily go up which may not fetch the amount of revenue from the import duties that may be expected of them. But considering the pros and cons of the different aspects of the Bill and the prospects of wireless broadcasting in India, no other, no better and no greater provision could be made or could have been suggested by Government to have it continued, than to have legislation to increase the import duties on the radio reception apparatus. Radio sets, Sir, are at present being purchased in India not by the masses but by the classes and as such the expected increase of a few rupees in their prices will not adversely affect their importation to India. I hope, Sir, the non-official Members of this Honourable House will join hands with Government and accept the Bill and pass it into an Act.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to support the measure and I make only a few observations on the subject. In these days of economic distress and increase of lawlessness and crime, I would suggest to the Government of India to bring to the notice of the various provincial Governments the installation of radio sets in important police stations and tahsils in order to crush down crime and lawless movements and do the same themselves in areas under their direct control. As far as education is concerned, Sir, I would also suggest that in various village schools wireless sets may be introduced where educative propaganda may be broadcasted for the use of the students there. I think, Sir, that wireless, as my Honourable friend has said, is now becoming a necessity and every good and proper use should be made of it.

THE HONOURABLE MR. J. A. SHILLIDY: Sir, I have very little to say. I am very grateful to my friend the Honourable Mr. Banerjee for the very strong support he has given to this Bill. As regards the proposals emanating from the Honourable Rai Bahadur Lala Ram Saran Das that sets for general information should be furnished by Local Governments, that is a proposal

that has been considered before. It is obviously a matter for the Local Governments and it is a matter which their Councils can take up should the Local Governments at any time feel that it will materially assist them in their efforts of propaganda. As regards the educative use of broadcasting, there again as the Honourable Member is well aware education is a provincial transferred subject and I am sure the Local Governments cannot be blind to this aspect of broadcasting. I would suggest to the Honourable Member that he should get friends of his to raise this aspect of broadcasting in the Local Councils.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to provide funds to enable Government to continue wireless broadcasting in India, by increasing the import duties leviable on wireless reception apparatus, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. A. SHILLIDY: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: In view of the statement made by the Honourable the Leader of the House yesterday, that there is no further business to come before the House, I now adjourn the Council *sine die*.

The Council then adjourned *sine die*.

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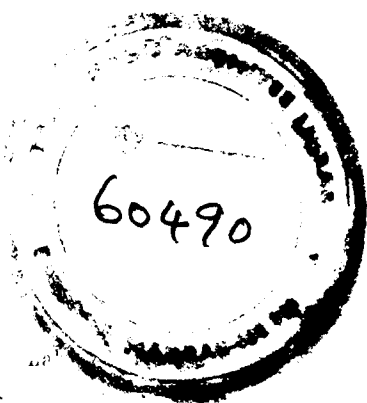
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